



April 28, 2022

Mr. Bruce Summers
Administrator
Agriculture Marketing Service
U.S. Department of Agriculture
1400 Independence Ave. SW
Washington, DC 20250

Dear Administrator Summers:

The Beef Alliance writes to you in response to a Notice of Trade dated April 11, 2022, entitled “USDA to Host Listening Session on Cattle Contracts Library Pilot Program Development”. Although the statutory language exempts the development of the Cattle Contracts Library (CCL) from the regular procedure of notice and comment, we greatly appreciate USDA’s decision to engage in stakeholder meetings and allow comment on the implementation of this pilot program.

Founded by leaders in the cattle feeding industry, the Beef Alliance is a group of innovative cattle feeding producers that represent approximately 30 percent of total U.S. fed cattle supply. The Beef Alliance came together with a vision to set high standards in the cattle feeding segment. As a group, the Beef Alliance works collectively to address issues of common concern through a commitment towards continuous improvement to meet consumer demand for high-quality, safe, and affordable beef that is raised in a transparent and sustainable manner.

As we all are aware, the U.S. beef cattle industry is incredibly complex and diverse. Nonetheless, when looking for options to address a short-term swing in the dynamics of the marketplace, the Beef Alliance opposes a top-down approach that would interject Government interference and force a wholesale change to the way cattle are marketed.

Consumer demand for beef today is strong, but this has not always been the case. The transition from the 1990’s generic, commodity beef product was facilitated through the value of discovery – through the increased use of value-added negotiations, commonly referred to as Alternative Marketing Arrangements (AMAs). These voluntary, business-to-business arrangements allow for premiums to be earned for producing a specific quality of product under agreed to terms. If the terms of these agreements are not met, discounts are applied. The result of these innovative AMAs has been a higher quality, more consistent beef product, which, in turn, has led to the highest levels of beef demand in the past 30 years. The Beef Alliance would also note that AMA’s generally key off of consumer preferences. AMAs are designed to produce a product with a trait that the consumer desires while allowing the feeder/producer to obtain value for such desired consumer preference, whether it be Certified Angus Beef, processed sourced verified, natural, non-hormone treated, etc. If the CCL creates a dynamic which discourages the use of AMAs, unintended consequences will result in a lost premium to the feeder and producer but also to the consumer.

Though the Beef Alliance has serious concerns regarding the unintended effects of a CCL and would prefer that a Library not be established, we understand the intense pressure behind the development of a CCL by many in the beef cattle industry. As a result, the Beef Alliance has engaged in the discussions and process surrounding enactment to ensure the CCL is developed in a manner that minimizes harm across the entire beef cattle value chain. The Beef Alliance strongly supports the termination of this pilot program on September 2023 because it will allow those effects, whether they be positive or negative, to be scrutinized before any more permanent action is taken. It is important to note, that our fear of these unintended consequences will be felt by all down the chain particularly the most vulnerable—from the cow/calf producer to the cattle feeder.

A major concern of the Beef Alliance centers on the change in dynamics and leverage that can occur by providing additional market information which only the most sophisticated segment of the cattle industry will likely utilize—the beef processing and retail sectors. Indeed, it is our understanding that the Swine Contract Library, which the Consolidated Appropriations Act of 2022 directed the agency to reference in the development of the CCL pilot program, is little used by producers. Thus, the Beef Alliance requests USDA AMS not mirror the Swine Contract Library when developing the CCL pilot program.

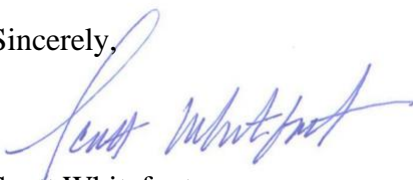
The Beef Alliance holds the highest regard to the privacy of all cattle market participants, and strongly supports the strictest protection of proprietary business information. In establishing and maintaining the CCL pilot program, USDA-AMS should adhere to the relevant statutory and regulatory requirements, as well as longstanding Agency guidance, related to confidentiality, as required by section 251 of the Agricultural Marketing Act of 1946 (7 U.S. Code § 1636) and required by section 223 of the Packers and Stockyards Act, 1921.

Additionally, the CCL should focus on numerical market transaction contract information related to pricing mechanisms. No single premium/discount schedule, private financing arrangements, or ownership of cattle should be published. Contract types included in the library should be aggregates of individual contracts with similar terms. In the event an individual contract is reported to the Agency but cannot be reasonably summarized with similar contract types, the contract should be deemed noncompliant with the Agency's confidentiality rules and not be reported to the public or maintained in the CCL.

Once again, we greatly appreciate USDA for implementing a process that allows the Beef Alliance, and other beef industry stakeholders, the opportunity to participate in the rulemaking process. The Beef Alliance respectfully requests that the agency also allow for written comments on any final or proposed Cattle Contract Library.

The Beef Alliance stands ready to be a trusted resource for the agency as it develops the Cattle Contract Library Pilot Program and welcome any opportunity to visit with you and your staff during this process.

Sincerely,



Scott Whitefoot
Chairman
Beef Alliance