



**NATIONAL
FARMERS
UNION**

November 16, 2011

United States Senate
Washington, DC 20510

Dear Senator:

On behalf of National Farmers Union (NFU), I write to express my disappointment with the Agricultural Appropriations Conference Committee Report for Fiscal Year 2012. Although the overall discretionary funding levels for agriculture were decreased by less than two percent, and the hard work of our allies on the conference committee is greatly appreciated, additional rulemaking action by the Grain Inspection, Packers and Stockyards Administration (GIPSA) has been blocked and resources for the Commodity Futures Trading Commission (CFTC) have been severely limited in the conference report.

The conference committee included a policy rider that will significantly hamper the U.S. Department of Agriculture's (USDA) ability to make any further progress on the GIPSA rule that was initially proposed on June 22, 2010. The policy rider that has been included in the conference report effectively prohibits USDA from releasing any other rules related to GIPSA beyond what was sent to OMB on Nov. 3.

The portions of the GIPSA rule that have been blocked from further action would have been very helpful for independent farmers and ranchers. Recent court decisions have overturned longstanding USDA interpretations of the Packers and Stockyards Act (PSA). The GIPSA rule would have helped to reduce litigation by providing clarity to the PSA and would have allowed farmers and ranchers a degree of protection from abuses of market power by packers and processors. The GIPSA rule would have also prohibited companies from unfairly offering select producers sweetheart deals and enabled regulators to identify unfair trade practices while ensuring that livestock producers and companies can offer justified premiums or discounts, along with other commonsense protections for farmers and ranchers.

After the financial meltdown of 2008, Congress increased protection of our economy by passing the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Among the protections included in the legislation was the expanded authority of the Commodity Futures Trading Commission (CFTC) to better oversee derivatives transactions. The administration sought a much-needed \$308 million, while the conference committee recommendation only provides for \$205 million. (It should be noted that the CFTC components of this bill were negotiated between the House Appropriations Committee on Agriculture and the Senate Appropriations Subcommittee on Financial Services and General Government.) This means a 33 percent cut in proposed budget funding to effectively implement and administer these essential economic reforms. This is similar to repealing Dodd-Frank, as reduced funding will make CFTC's task nearly impossible and further imperil our economy.

The defunding of important rulemaking processes and agencies is extremely alarming. NFU cannot support a bill that stops the process by which greater competition and a fair marketplace for farmers and ranchers could have been achieved. I urge lawmakers do all that they can to restore adequate funding for CFTC's expanded responsibilities and to allow USDA to proceed with the completion of a strong GIPSA rule.

Sincerely,

Roger Johnson, President
National Farmers Union