

June 12, 2008

Senator Tom Harkin, Chairman
Agriculture, Nutrition and Forestry Committee
United States Senate
328A Russell Senate Office Building
Washington, D.C. 20510

Senator Saxby Chambliss, Ranking Member
Agriculture, Nutrition and Forestry Committee
United States Senate
416 Russell Senate Office Building
Washington, D.C. 20510

Senator Jeff Bingaman, Chairman
Energy and Natural Resources Committee
703 Hart Senate Office Building
Washington, D.C. 20510

Senator Pete Domenici, Ranking Member
Energy and Natural Resources Committee
328 Hart Senate Office Building
Washington, D.C. 20510

Senator Patrick Leahy, Chairman
Judiciary Committee
United States Senate
433 Russell Senate Office Building
Washington, D.C. 20510

Senator Arlen Specter, Ranking Member
Judiciary Committee
United States Senate
711 Hart Senate Office Building
Washington, D.C. 20510

Senator Daniel Inouye, Chairman
Commerce, Science and Transportation Committee
United States Senate
722 Hart Senate Office Building
Washington, D.C. 20510

Senator Ted Stevens, Ranking Member
Commerce, Science and Transportation Committee
United States Senate
522 Hart Senate Office Building
Washington, D.C. 20510

Senator Carl Levin, Chairman
Permanent Subcommittee on Investigations
United States Senate
269 Russell Senate Office Building
Washington, D.C. 20510

Senator Norm Coleman, Ranking Member
Permanent Subcommittee on Investigations
United States Senate
320 Hart Senate Office Building
Washington, D.C. 20510

Dear Chairmen and Ranking Members:

As representatives of farmers and ranchers across the country, we urge your committee to initiate hearings to examine *all* the reasons for increased food prices. Lately, a series of reports in various media have attributed higher commodity prices paid to farmers as the cause of the higher costs passed on to consumers. Such a perspective is a great disservice to the general public because it ignores the facts behind higher prices. Equally important, however, is the concern that, left unchallenged, such reports will help to shape public opinion and public policies in ways that are detrimental to U.S. agriculture.

According to the U.S. Department of Agriculture (USDA), a farmer receives less than 20 percent of the total food costs paid by consumers. More than 4 out of every 5 cents of the cost of food, including processing, transportation, packaging, distribution and retailing are added to the commodity after it leaves the farm. In order to find out what is causing higher food prices, a close examination of all the components of the food price dollar is necessary. It is disingenuous to look only at farm prices.

Clearly, there are many factors involved from the time a product leaves the farmer until it reaches the consumer. We are confident that hearings your committee could undertake will find numerous factors responsible for higher food prices including energy costs, labor expenses, transportation, financial speculation, increased demand, weather production losses, the weak U.S. dollar and even excess profiteering.

Recently, some of the nation's biggest food companies, through an umbrella organization, have initiated a high-dollar media campaign to blame the production of biofuels for increased food costs.

In testimony before the Senate Foreign Relations Committee, Council of Economic Advisers Chairman Edward Lazear stated corn-based ethanol production is responsible for just 3 percent of increased food prices. At the same time food companies are blaming corn-ethanol, many are reporting record profits in the first quarter of 2008.

Some have even speculated that, with greater control over the cost of food than farmers, some in the food industry have benefited by hiding excess profits in the food industry while blaming farmers for higher costs.

We fully recognize that higher food prices are impacting many people here at home and abroad. However, to point the finger of blame only at farmers, whose share of the food dollar is small compared to other entities, is wrong and does not provide the true picture of what is driving up food costs.

America's farmers and ranchers have provided the safest, most abundant and affordable food supply for the past 230 years and consumers spend less per capita on food than anyone in the world. Given the real struggle American families face to put fuel in their gas tanks and food on the table, the complete story needs to be told in order to gain a truthful understanding of increased food prices.

We urge you to undertake comprehensive hearings on this subject without delay. Such hearings should focus on the underlying causes of the rise in prices, which sectors are responsible for the rise in prices, and whether any have benefited unduly from such price increases.

Sincerely,

National Farmers Union
American Farm Bureau Federation
National Corn Growers Association
American Soybean Association
National Sorghum Growers Association
National Association of Wheat Growers

cc: Senator Harry Reid, Majority Leader
Senator Mitch McConnell, Minority Leader
Senator Dick Durbin, Majority Whip
Senate Agriculture Appropriations Subcommittee
Senate Financial Services and General Government Appropriations Subcommittee