



May 4, 2015

The Honorable K. Michael Conaway
Chairman
House Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

The Honorable Collin Peterson
Ranking Member
House Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

Dear Chairman Conaway and Ranking Member Peterson:

Livestock mandatory price reporting (LMPR) is a critical component of daily life for ranchers across the country. Price reporting is an important tool in addressing the market failures caused by the high levels of concentration in livestock markets. The latest estimate for the four-firm concentration ratio (CR4) in beef is 85%, indicating that the top four meatpackers have a large amount of the market share.

National Farmers Union (NFU) has a long history of addressing competition issues in the marketplace and advocating on behalf of family farmers and ranchers. At NFU's annual convention, delegates approved a Special Order of Business on transparency in livestock markets. It states, "The [Livestock Mandatory Price Reporting] Act was specifically enacted to address the substantial changes that have occurred in livestock markets, including greater vertical integration." The role of mandatory price reporting is essential for timely and transparent marketing and pricing information.

NFU supports the provision in House Agriculture Committee-passed bill, H.R. 2051, the Mandatory Price Reporting Act of 2015, which would mandate price reporting as an essential government service. The government shutdown of 2013 was illustrative of the importance of mandatory price reporting. For the duration of the shutdown, and a week beyond that, producers did not know how many livestock were slaughtered or at what price.

While mandatory price reporting has resulted in greater transparency, improvements in reporting requirements and dissemination would make the data more effective. I understand the House intends to deal with any suggested changes to reporting requirements for cattle at a later time. NFU's suggestions for improvement for cattle reporting are as follows:

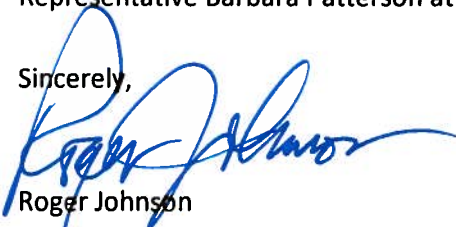
- Aggregate data omitted from public reports due to the confidentiality rule (3/70/20 confidentiality guideline) weekly and regionally.
- Clarify reporting definitions for cattle such that it is consistent with country-of-origin-labeling. MPR data considers cattle as of domestic origin even if they are imported, so long as they spend

time in US feedlots. A recent report by Dr. Bob Taylor of Auburn University found this loophole resulted in roughly one million cattle per year failing to show up in MPR data, while showing up in trade statistics.

- Require weekly reporting of market concentration through the use of the Herfindahl-Hirschman Index (HHI) for both captive supplies and cash transactions, as well as regionally and nationally.
- Improve usability of dashboard and datamart, including prominent display of definitions for reports, weekly histograms with the day of the week for negotiated sales, and graphs showing the thinness of the cash market by day.
- Separating the data for forward contracts for those tied to the futures market.

Thank you for consideration of these requests. Please contact NFU's Government Relations Representative Barbara Patterson at 202-554-1600 or bpatterson@nfudc.org if you have any questions.

Sincerely,



Roger Johnson
President