

CAB Seeks Clarity in GIPSA Rules

by *CAB staff*

Certified Angus Beef LLC (CAB) President John Stika sent a letter to Ag Secretary Tom Vilsack in late March to explain the branded beef company's stand against current wording in rule changes proposed by the Grain Inspection, Packers & Stockyards Administration (GIPSA).

The U.S. Department of Agriculture (USDA) agency last summer unveiled its

proposed rule changes that govern livestock marketing. A divide soon appeared within the beef industry over lengthening the comment period and whether the proposed changes themselves needed changes. "Fairness" debates began from coffee shops to editorials and letters to USDA expressing either support or concern over vague language.

At a USDA/Department of Justice (DOJ)

workshop on competition in Fort Collins, Colo., Aug. 27, 2010; in an open letter to Angus producers; and in subsequent comments to GIPSA, Stika expressed concern over unintended consequences and called for further study because there had been very little.

By the end of the extended November deadline and after two private economic analyses quantifying costs and concerns, GIPSA received more than 60,000 comments. Vilsack then announced USDA would conduct its own economic impact study.

"The issue seemed to fade a little, but, in fact, it has not gone away," Stika said. "We owe it to Angus producers and all of our licensed partners across the beef industry to maintain an active role in helping USDA craft the best possible clarifications to the proposed GIPSA rules."

The letter stated, "Pleasing the consumer is the single-most-effective and sustainable solution to maintaining an economically viable beef industry ... Unless heavily edited, we believe the proposed rule will cause cattlemen and brand partners great economic hardships as their investment in premium genetics meet a constricted market."

While not opposing the effort to better define terms, the letter noted, "it appears the kind of clarity being proposed negates the intent and opens the doors to a long series of lawsuits ... litigation will lead to a reduction in the availability of value-based marketing arrangements." Value separation would be minimized but "easier to defend," the letter said.

CAB Board Chairman Steve Olson said, "This brand has worked for years to get ranchers premiums on their high-quality

cattle through value-based marketing. Because the proposed rules may threaten these premiums, we must voice our opinion."

The American Angus Association supports these efforts, noted Association Board Chairman Joe Hampton. "By working with Secretary Vilsack, we hope Certified Angus Beef can help ensure that any changes to the existing GIPSA regulations allow for the continued expansion of quality-focused, value-based marketing options," he said.

That's what allows financial rewards for those who meet the growing consumer demand for products such as those bearing the *Certified Angus Beef*® (CAB®) brand, said Association board member Leo McDonnell.

GIPSA has made it clear that its rules are not intended to "limit or eliminate the ability of companies to provide premiums to reward producers for providing certain quantity

or quality of livestock," McDonnell said. "We will continue to stay engaged to ensure GIPSA stays true to these proposed intentions and to be clear that nothing in these rules will jeopardize a premium-based market."

"Angus producers have much at stake because we have worked hard to add value to our cattle," Hampton said. "We're happy to provide input to help ensure the GIPSA rules will result in a vibrant, healthy market that rewards quality and enhances opportunity and choices."

Stika concluded, "We have a long history with USDA and much common ground in seeking a better future for producers who aim to satisfy consumer demand. We look forward to reviewing the pending USDA economic impact study, and every opportunity to discuss solutions to our concerns." 