

**Statement by  
Thomas J. Vilsack  
Secretary of Agriculture  
Before the Agriculture Committee, U.S. House of Representatives  
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Thank you, Chairman Scott, Ranking Member Thompson, and Members of this Committee, for inviting me here today to discuss the many challenges facing our livestock producers and how the Department of Agriculture is working to address them.

Today, our livestock producers are up against historically difficult odds. They are bearing the brunt of drought and the challenges of climate change, facing arising animal diseases, adapting to new cyber threats, and dealing with the market disruptions from a global pandemic. They are also facing these challenges within an industry structure that often denies them access to fair markets.

Responding to these headwinds facing livestock producers require short, medium, and long-term solutions. They also require creativity to tackle old problems, and quick action to address rising new ones. Underpinning all this is the desire to ensure producers can be profitable enough to stay on the farm.

Last week, the Department announced a series of investments focused on providing immediate relief. We are committing up to \$500 million in Commodity Credit Corporation funds to protect our livestock industry from African Swine Fever. We've heard from the Members of this Committee, we've heard from U.S. pork producers, and we've heard from economists about how devastating an African Swine Fever outbreak on our shores would be. One estimate from an Iowa State researcher put the total cost of an outbreak at \$50 billion over ten years<sup>1</sup>. In this case, we think an ounce of prevention is likely worth a pound of cure, so we're being proactive and aggressive in our approach domestically to keep this threat from reaching our shores and coordinated and collaborative in our approach internationally. We know African Swine Fever is not the only disease threat facing producers. This investment allows us to take on this challenge head-on without diverting resources from other key animal disease threats.

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<sup>1</sup> [https://asfimpact.com/wp-content/uploads/2020/03/HAS-003-4-ASFImpact-Summary\\_1j.pdf](https://asfimpact.com/wp-content/uploads/2020/03/HAS-003-4-ASFImpact-Summary_1j.pdf)

Another immediate challenge facing livestock producers is unprecedented drought conditions brought on by climate change. The Drought Monitor shows that more than 40 percent of the continuous United States has experienced some level of drought since September 2020 and more than 20 percent has experienced extreme or exceptional drought since April. In some areas of the U.S., conditions have been unyielding, unprecedented and costly. Producers have faced the possibility of having to liquidate herds after spending a lifetime building them because they cannot grow or afford the feed they need. They need help. We deeply appreciate Congress' recent \$10 billion investment as part of the disaster supplemental bill (Public Law No: 117-43) to provide relief to producers facing drought, wildfire, smoke, and heat. We announced last week an effort to complement that funding by committing an additional \$500 million in Commodity Credit Corporation funds to support drought recovery and encourage adoption of water-smart management practices.

### **Building Back Better**

This short-term assistance must be complemented by longer term efforts to ensure producers can stay on the land and make a living.

This summer I visited a meat processing plant in Council Bluffs, Iowa. While there, I met with producers who told me that the price they are getting for their cattle isn't coming close to covering the costs of production. Producers need to be better positioned to capture more value within the supply chain.

The COVID-19 pandemic led to massive disruption across the supply chain, and it exposed a food system that was rigid, consolidated, and fragile. This crisis left grocery store shelves empty at the same time farmers saw lower prices and some had nowhere to market their animals. It put a spotlight on the challenges producers face and the need to establish better balance in the marketplace of who benefits from food dollars spent.

That's why USDA is working to build more resilient, better, and fairer markets for producers and consumers alike. As part of the Biden-Harris Administration's push to build back a stronger, more resilient economy, USDA is using a wide range of tools to promote competition and create new market opportunities and support a robust workforce.

In July, USDA announced our intent to invest \$500 million to expand meat and poultry processing capacity as part of the Build Back Better initiative to build a better food system through loans, grants and technical assistance. To make sure we get this critical task right, the

Department sought and is currently reviewing the more than 400 comments from stakeholders over the past few months. Our intent is to invest in processing capacity that supports safe, fairly compensated jobs in rural communities, while giving producers more market options and consumers a more reliable supply of food. I look forward to sharing details of next steps soon and welcome your input.

Already, we have announced more than \$150 million for existing small and very small processing facilities to help them weather COVID, compete in the marketplace and have the support needed to reach more customers. This assistance comes in the form of \$55 million for the Meat and Poultry Inspection Readiness Grant program and \$100 million to reduce the cost of overtime inspection for existing small and very small Federal establishments. I thank this Committee for its bipartisan leadership in providing us with the funds and authorities for these efforts. During the early stages of the pandemic, many local processors wanted to keep their doors open on holidays and weekends to increase their processing capacity and address extensive backlogs in their regions. To do so, they paid overtime fees for food safety inspectors to come in after hours and ensure that products were still meeting safety standards. This program is reimbursing small and very small plants for these costs and enabling them to reinvest those funds in their businesses.

This week, we announced the creation of a new Food Supply Chain Loan Guarantee Program through the Rural Business-Cooperative Service. The new loan guarantee program will support financing of the start-up or expansion of “middle of the supply chain” entities that are engaged in the processing, manufacturing, or distribution of food. The program will leverage \$100 million in funds from the American Rescue Plan to make up hundreds of millions of dollars in loan guarantees available. This funding will make the supply chain more resilient to market shocks, give a greater share of the food dollar to those growing, processing and distributing our food, and ensure that consumers have a wide array of healthy and affordable choices in the grocery aisle.

### **Addressing Competition & Markets**

Investments in capacity are just one tool available to us to create better fairer markets. We must also leverage our existing authority to create rules and regulations that ensure all livestock producers are on a level playing field. As part of the President’s Executive Order on Promoting Competition in the American Economy, the Department of Agriculture is engaging in

a series of rulemakings and other steps to increase competition in agricultural processing industries that will lead to fairer markets for producers. These new rules and actions will increase ranchers' earnings by fighting abuses. For too long, livestock producers as well as farmers have not been able to claim their fair share of each dollar spent on food.

First, USDA intends to propose a new rule that will provide greater clarity to strengthen enforcement of unfair and deceptive practices, undue preferences, and unjust prejudices. Second, USDA will propose a new poultry grower tournament system rule, with the current inactive proposal to be withdrawn. Third, USDA will re-propose a rule to clarify that parties do not need to demonstrate harm to competition in order to bring an action under section 202 (a) and 202 (b) of the Packers & Stockyards Act. It's past time USDA fully deploy the Packers and Stockyards Act and protect ranchers and farmers.

Second, USDA will issue a new rule defining when meat can carry the label of "Product of USA." American consumers shouldn't be confused about what they are spending their food dollars on. And third, we're also complementing these rules with enhanced market transparency tools under our Market News Service and the Livestock Mandatory Reporting Act.

### **Conclusion**

As the Biden-Harris Administration restarts the world's largest economy and makes great strides in the economic recovery, USDA is committed to a restart that is right for the American people – producers and consumers alike – by transforming the food system and strengthening rural communities. This is a pivotal moment of opportunity to put farmer profitability and the forefront of our efforts to build back a better food system that is secure, competitive, distributed, and resilient. Our livestock and poultry producers are a vital part of a vibrant future for rural America and we stand ready to help them tackle the challenges they face. I look forward to working with Congress on these important issues.

Thank you for your time today, and I look forward to any answering any questions you may have.