



# NEWS RELEASE

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## **TCFA Chairman Urges Opposition To Proposed GIPSA Rule**

Bo Kizziar – the manager of an independently-owned feedyard in Spearman, Texas – believes the entire beef industry is threatened by the efforts of the Grain Inspection, Packers and Stockyards Administration (GIPSA) to overhaul livestock ownership and marketing regulations. And, as chairman of the Texas Cattle Feeders Association (TCFA), Kizziar is calling on his fellow cattle producers to speak out and oppose the "GIPSA rule."

"TCFA believes the chances of defeating this rule will be greatly helped if large numbers of cattlemen and cattlemen let GIPSA know that it has offered up a very bad plan," Kizziar said. "However, we need to act quickly because the deadline for submitting comments to GIPSA is Nov. 22."

Fortunately, the TCFA website at [http://www.tcfa.org/](http://www.tcfa.org) provides an easy and efficient means to submit comments, and also offers ample information about the proposed GIPSA rule and its potential consequences. "Everything you need to submit comments on the GIPSA rule is on our website," said Kizziar.

Claims that the GIPSA rule will help restore fairness to livestock marketing are completely false, according to Kizziar. "I believe it will have the opposite effect. The language of the proposed rule is pretty vague, maybe intentionally so. This rule will encourage frivolous lawsuits. And, if we let fear of litigation determine how cattle are marketed, that will most likely mean a return to the average pricing and lower quality beef of 30 years ago."

A critical flaw in the proposed GIPSA rule involves the concept of "competitive injury." Current law and several court opinions say a potential litigant must show that the market has suffered harm before a lawsuit alleging illegal actions by a packer or processor – such as price fixing or collusion – can go forward. The proposed GIPSA rule dilutes that standard to the point where a producer need only claim that he or she was treated unfairly. There is no definition of "fairness" within the rule, which means that all such determinations will be completely subjective, thus creating the perfect breeding grounds for baseless lawsuits.

"By encouraging lawsuits and restricting the use of alternative marketing arrangements (AMAs), the rule will encourage consolidation and lead to less competition rather than provide more opportunities for cattle producers," said Kizziar.

AMAs are important to both cattle producers and beef consumers, according to Kizziar. "Our customer, the consumer, told us we needed to improve the quality and consistency of our product. We have done that. AMAs help producers manage risk, and they provide the incentive to develop and market premium quality cattle. They also allow retailers and packers to develop branded products and better manage supplies that meet consumer demands."

Kizziar said the incentive to improve is essential to any successful business, and the elimination of AMAs will make it difficult for the industry to remain focused on quality. "I believe hard work and innovation should be rewarded, not discouraged, and that higher quality beef should sell for a premium and not be sold as commodity beef in an average cash market.

"Our production drivers must ensure the price, quality and consistency consumers demand at the meat counter when they choose between beef, pork or poultry." Kizziar believes that removing rewards for producing high quality beef will hurt all cattle producers, especially those with smaller operations, because packers will be forced to own more cattle in order to manage supplies and retain efficiencies provided by AMAs.

The proposed GIPSA rule is another case of government overreach, similar to efforts to regulate carbon emissions and healthcare, Kizziar said. "This proposed rule boils down to the government trying to interfere in the private market by telling producers when and how they can market their cattle. And, whether you're involved in the cattle industry or not, you should be extremely concerned that a federal agency is trying to make law rather than implement the laws enacted by Congress and upheld, on numerous occasions, by the courts." Kizziar pointed out the rule goes well beyond the directive given GIPSA in the 2008 Farm Bill and contradicts well-established case law.

"As cattle producers and beef consumers, we can't let this happen. Everyone involved needs to join the thousands who have submitted comments to GIPSA opposing this damaging rule," said Kizziar.

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