

Testimony of
Mr. Tim Bierman

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Good Morning, Mr. Chairman. My name is Tim Bierman, and I am a pork producer from Larabee, Iowa. I am the President of the Iowa Pork Producers Association, and I am the owner/operator of a hog farm that markets over 10,000 head a year. I also farm nearly 500 acres of corn and soybeans. I appreciate this opportunity to present our views on competitive and open livestock markets.

The Iowa Pork Producers Association is the oldest and largest state pork producer group in the country. IPPA represents well over 6,500 producer-leaders proactively on issues ranging from international trade missions, pseudorabies eradication, ag policy and environmental regulation. In Iowa, the pork industry accounts for over 86,000 jobs, contributing nearly \$3 billion in payroll to our state's residents. If you look at the total economic impact to the state of Iowa, our pork production affects nearly \$12 billion in the state.

Our organization has previously testified on this issue from a different perspective, specifically the proposed ban on packer ownership. While we strongly support this concept, today I would rather focus on the new proposal to require a percentage of livestock to be purchased on the spot or cash market.

This new concept was apparently discussed during conference deliberations of the farm bill but was sidelined until further review. This approach appears to have bi-partisan support including South Dakota Senator Johnson and Representative Thune. The proposal has now been introduced by Senator Grassley in the Senate and in the House by a number of co-sponsors.

Just this week our Board of Directors voted to endorse the legislation and to devote resources towards its' passage. Our board took this action because livestock farmers are concerned about the availability of competitive livestock markets. This approach would guarantee that independent producers have a share in the marketplace while assisting the mandatory price reporting system. Requiring negotiated sales ensures that processors will provide for public shackle space for all hog farmers.

Available shackle space has become critical for independent farmers, because promises of new slaughtering plants will not benefit farmers if the slaughter is only for packer owned hogs and the new plant results in closing another plant. The legislation would improve the accuracy and transparency of all livestock markets. As our national organization correctly stated in a 1999 press release, "More negotiated sales would help ensure prices reported for the spot market reflect the current value of hogs".

Furthermore, we think this approach makes sense for a number of specific reasons, including:

*Both packers and producers need accurate market information from negotiated livestock sales. While the information will be useful to determine daily cash purchases, this approach will also impact animals purchased on a contract or formula basis, because most marketing contracts are tied directly to the daily cash market.

*The legislation phases in the required spot purchases and is not fully implemented for 6 years. This will allow farmers and packers time to fully implement and adjust to the legislation.

*Smaller packers and single plant entities are exempt from the law.

*Most if not all packers are currently in compliance with the first 5% purchase requirement.

*Farmers who form and operate cooperative packers would also be required to purchase spot or cash market animals, but at ½ the percentage compared to a traditional packer.

These are just a few reasons to support this legislation and I'm sure there are many more. Independent pork producers throughout the country need more competitive markets. We urge congress to give producers the opportunity for success by enacting this legislation.

Another market issue facing farmers is full implementation of the federal Mandatory Price Reporting law. USDA has started in the right direction, but continued market oversight is now crucial.

In closing, IPPA is committed to a fair, transparent and competitive marketplace. Our producer members constantly remind us of our duty. Mr.Chairman, thank you for holding this important hearing and for giving me the opportunity to address the committee. The Iowa Pork Producers Association stands ready to assist you in your work on these critical issues facing livestock producers. Thank you.