

May 01, 2020

Hon. Sonny Perdue
Secretary
U.S. Department of Agriculture
1400 Independence Ave SW
Washington, DC 20250

Dear Secretary Perdue,

We would like to begin by thanking you for all the work that you and your staff have done to help farmers, ranchers, and consumers during the Covid-19 pandemic. The U.S. Department of Agriculture's commitment to stand with the American farmer and rancher, whose livelihood has been threatened by this public health emergency is a testament to the principle that American agriculture is a fundamental pillar to the strength of our nation.

Beginning in the first few weeks of the crisis, cattlemen have seen prices drastically decline, with cattle futures falling 29% between the month of January and April, all-the-while beef prices increased on market shelves. While we do recognize the complexity of the beef markets generally, the devastating effect this has had on many of our constituents in the last few weeks is clear. This is of great concern to us for a variety of reasons but chief among them being the doubt it casts on our markets as a whole. When market participants begin to believe that markets are not competitive or transparent that suspicion has a dangerous industry-wide ripple effect. That is why we applaud you for expanding the ongoing investigation into the cattle market's reaction to the 2019 plant fire in Holcomb, Kansas to encompass the more recent CV-19 related market concerns. This oversight role the agency plays is an immensely important one that helps ensure that our markets are equipped to function properly.

We are encouraged by the recent steps that the Department has taken to better coordinate with the Commodities Futures Trading Commission (CFTC). We hope that this cooperation yields new insights into the relationship between cattle spot and futures markets. Producers want effective, market-based risk management tools. However, volatility during this pandemic has made market participation difficult to manage and capital intensive.

It is because of the alarm that is being felt across the country that we write to you today asking that the findings of your investigation be released soon as possible. As policymakers, we rely on these findings to provide clarity and information to make the most informed policy decisions going forward. We look forward to working with you to address these concerns and restore cattle producer's confidence in the market.

Sincerely,

Frank D. Lucas
Member of Congress

Member of Congress

Member of Congress