

MARK GARDINER TESTIFIES BEFORE SENATE AG COMMITTEE

On June 23, Mark Gardiner of Gardiner Angus Ranch, Ashland, Kansas, testified before the U.S. Senate Committee on Agriculture, Nutrition & Forestry (Senate Ag Committee). The title of the hearing was “Examining Markets, Transparency and Prices from Cattle Producer to Consumer.” Gardiner currently serves as USPB Board Chairman, and Gardiner Angus Ranch is listed as a USPB Qualified Seedstock Supplier.

Gardiner joined four other witnesses testifying during the hearing, including Dr. Glynn Tonsor, professor, Kansas State University Department of Agricultural Economics; Dr. Dustin Aherin, vice president, RaboResearch Animal Protein Analyst with Rabobank; Dr. Mary Hendrickson, associate professor, University of Missouri Division of Applied Social Sciences; and Justin Tupper, vice president, United States Cattlemen’s Association. Tupper and his family own a livestock auction facility near St. Onge, South Dakota.

The hearing was called by Senate Ag Committee Chair, Sen. Debbie Stabenow (D-MI) and Ranking Member, Sen. John Boozman (R-AR). Price disparity, transparency and market risk are topics the beef industry has discussed for a long time. Recent events such as the COVID-19 pandemic, a fire at a Kansas packing plant and a cyberattack aimed at another processing company have all intensified producer calls for action and have captured Congressional attention. Legislation has recently been introduced mandating the level of negotiated cash transactions a processor would need to satisfy. One such bill in the Senate calls for a firm 50% mandate across the industry. Another Senate Bill and one in the House of Representatives calls for specific regional mandates in geographic regions.

“Today, our topic is complicated. The cause of this issue is not,” said Gardiner, pointing to recent events in the industry that “caused extraordinary disruptions in processing, resulting in a dramatic drop of the processed beef supply and a bulging oversupply of live cattle. This caused an unprecedented drop in cattle prices, while simultaneously leading to a record rise in beef prices, all driven by pure economic market principles.”

Responding to a question from Sen. Roger Marshall (R-KS) about the rationale behind the formation of USPB in the mid 1990s, Gardiner said: “The situation then was very similar to

some of the things we are talking about today. Dr. Harlan Ritchie of Michigan State University wrote in a paper that said ‘five years to meltdown.’ At the rate the beef industry was losing market share, we were not going to be relevant in the protein business.”

Gardiner provided further details about the investment and startup of USPB. Of critical importance was the carcass data delivered back to producers, which provided a better map on aligning cattle with products most desired by consumers. The resulting changes, according to Gardiner, are a major reason why beef demand is currently at a 30-year high.

“Major U.S. beef supply chain disruptions over the past two years have sent the cattle and beef industry into uncharted, but explainable territory,” said Dr. Dustin Aherin of Rabobank. “The imbalance of excess market-ready cattle supplies in the face of reduced operational packing capacity has put downward pressure on cattle prices.”

Dr. Glynn Tonsor of Kansas State University, when describing the increased uses of Alternative Marketing Agreements (AMAs) said: “Consumer demand signals leading to proliferation of beef products concurrently elevated demand for specific cattle, and with it, further use of AMAs. In short, increased use of AMAs reduces costs and enhances demand in some segments of the industry – both worthwhile outcomes that ‘increase the economic pie’ for industry participants.”

Tonsor also encouraged the industry to proceed forward in a manner that does not deteriorate economic benefits of the industry’s evolution in recent decades to improve beef quality and align effort with beef demand signals.

During his testimony, Gardiner pointed out the unintended consequences of government regulations, saying the proposed senate legislation dealing with mandated slaughter levels of cattle procured on negotiated cash arrangements would have a negative effect on the beef industry.

“Any changes that we make are better if implemented by the industry versus government mandates,” Gardiner said.

To review the video of the hearing or obtain the written testimony of each witness, visit the Senate Ag Committee’s website, www.agriculture.senate.gov. ♦