

I welcome you all this morning to this hearing to review the United States Department of Agriculture (USDA), Grain Inspection, Packers and Stockyards Administration's (GIPSA) management and oversight of the Packers and Stockyards Act.

I want to thank our witnesses for making the effort to attend this hearing to provide testimony on this issue of critical concern to the United States livestock industry. I also welcome those listening today on our website.

In January of this year, the USDA Office of the Inspector General released an audit report that detailed serious failures in GIPSA's management and oversight of the Packers and Stockyards Act of 1921. This Act is a critical law that assures farmers and ranchers that business transactions are conducted under the principles of fair competition, open and honest trade practices, and prompt payments to producers. The audit report from the Inspector General raises serious questions about the Department of Agriculture's competence in investigating anti-competitive behavior in order to ensure that all livestock industry participants are treated equitably.

I am greatly concerned and disheartened with the message that the findings detailed in the report regarding GIPSA's actions send to the American public, consumers, and participants in the livestock marketplace. The report from the Inspector General states that some 50 investigations into potential anti-competitive behavior were awaiting approval from senior management and therefore were not being acted upon. Further, the report states that policy decisions were not being made due to a lack of a competent internal managerial structure within the Packers and Stockyards Programs division of GIPSA and that previous advice provided to GIPSA by the Office of the Inspector General in 1997 and by the Government Accountability Office in 2000 was not implemented.

It is totally unacceptable for our government to conduct business in this way and I fully expect the Department of Agriculture to swiftly and honestly respond to actions in the marketplace that might signal anti-competitive behavior. Not doing so calls into question the ability of the Department to oversee the Packers and Stockyards Act generally and greatly threatens the confidence livestock market participants extend to the government.

While it appears that the problems identified in the report are managerial in nature, I cannot emphasize enough my frustration and discomfort on behalf of America's farmers and ranchers. It is imperative that GIPSA correct the failings identified in this and previous reports in a timely fashion to ensure that this vital sector of our agricultural economy continues to operate in a transparent, fair and competitive manner.

I look forward to hearing from our witnesses and I am hopeful their testimony will provide us with some confidence that steps are being taken to address these critical issues.