

United States Senate
WASHINGTON, DC 20510-0309

December 21, 2021

The Honorable Tom Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
Washington, D.C. 20250

The Honorable Pete Buttigieg
Secretary of Transportation
U.S. Department of Transportation
Washington, D.C. 20590

Dear Secretary Vilsack and Secretary Buttigieg:

I am writing regarding the record-high food prices that are straining families in Arizona and across the nation. I hold quarterly meetings with farmers and ranchers in my state. We recently discussed escalating food prices and agree that the federal government could do more to reduce costs for consumers.

The increase in food prices in the United States has tripled beyond the 10-year average. Arizonans deserve a whole-of government approach to strengthening the reliability and affordability of our nation's food production, now and in the years following this pandemic. These efforts can start by establishing an interagency working group within the Administration's supply chain task force exclusively focused on lowering food prices and reducing supply chain bottlenecks for middle class families.

But in addition to greater coordination, I support further specific and concrete policy actions, most of which this Administration could implement immediately, to reduce food prices for consumers. These include cracking down on corporations who are raising prices to increase profits, modernizing and increasing competition in the meatpacking sector, enhancing our trucking industry and workforce, reducing costs for farmers, and addressing longstanding structural challenges within our supply chain.

Arizona families deserve action. To address these challenges, I ask that you take the following actions:

Crack down on Corporate Price Gouging and support competition within the meatpacking industry:

As prices for chicken, pork, beef, and other meats continue to skyrocket we must support innovation within the meatpacking industry. Important first steps include **better utilizing technology in meat inspections**. Delays in meat inspection, due to outdated processes and fewer inspectors, delays the ability of new facilities to open or existing facilities to expand. And the **Department of Agriculture should provide additional grant funding to build, modernize or expand meat processing facilities.**

At the same time, this Administration must exercise full oversight over the food supply chain to ensure that big corporations are not artificially raising prices at the expense of Arizona families. In some agricultural supply chains, a small number of players have disproportionate control over supply chains, leaving them vulnerable to price fixing. To address these challenges, I urge you to direct the **Department of Agriculture and Department of Justice to accelerate their investigations into the meat-processing industry**, to identify instances where price-fixing occurs and ensure that the prices consumers pay reflect the true costs of a product. To improve oversight, I also support the quick enactment of the *Cattle Price Discovery and Transparency Act*, to improve data sharing and transparency in the cattle market, which is driving some of the most significant price hikes in the meatpacking industry. And USDA should fully utilize its authorities under the *Packers and Stockyards Act* to crack down on anti-competitive behaviors in the meatpacking industry and provide new growth opportunities to small businesses.

The Administration must also do more to support small businesses and workers in the food processing industry, to foster robust competition and provide consumers choices at the grocery store. The Department should ensure that new start-up or growing businesses in the meat packing and agricultural production industry can **access grants, low-interest loans, and other technical assistance** to scale up production and promote competition, which will bring down prices.

Enhance the commercial trucking workforce, cut red tape:

Price hikes at grocery stores are also being driven by workforce shortages and inefficiencies within the trucking industry, which plays a critical role in moving goods quickly and keeping shelves stocked. While the administration's recently released Trucking Action Plan takes some important first steps, more must be done. To address a shortage of qualified truck drivers, the Department of Transportation should quickly implement **Sec. 23022 of the Infrastructure Investment and Jobs Act** to establish a **Truck Driver Apprenticeship Pilot Program** that allows drivers between the ages of 18 to 21 who are licensed to operate commercial vehicles within a state to also drive commercial vehicles across state lines. The provision also requires the Federal Motor Carrier Safety Administration to conduct a **Truck Driver Compensation Study** to identify best practices for retaining qualified truck drivers through cost-effective compensation programs. These provisions take important steps to address both the short-and long-term causes of the truck driver shortages that are affecting food prices.

The Federal Motor Carrier Safety Administration (FMCSA), which regulates commercial trucking operations, can also play a bigger role in addressing supply chain bottlenecks. In the face of driver shortages and supply chain bottlenecks, FMSCA must ensure truck drivers can quickly move goods and services, while maintaining safety. I support efforts to **maintain and expand the hours-of-service rule**, which took effect last September and allows drivers more flexibility to manage their time and complete their trips quickly. FMCSA should also quickly implement **Sec. 23018 of the Infrastructure Investment and Jobs Act**, which exempts truck drivers who are transporting livestock from hours-of-service rules, so that unnecessary delays are not added to commercial trips to transport agricultural products across the country. FMCSA must also guarantee that no changes are made to **the minimum federal liability insurance requirements**, which would increase costs for truck drivers, and ultimately consumers. DOT should also use existing authorities to ensure that **projects to increase the availability of truck parking facilities** are

prioritized within discretionary grant programs. Drivers spend an average of an hour a day looking for parking due to shortages. Addressing these shortages will improve both safety and efficiency within the trucking sector.

Lastly, the Department of Transportation should **make permanent COVID-19 emergency waivers** that allow certified, third-party commercial truck driver's license training programs to conduct the skills tests that truck drivers must pass in order to be licensed. This commonsense change will allow new drivers to get licenses faster and prevent existing drivers from facing additional delays when renewing their licenses.

Address longstanding supply chain issues:

Inefficiencies in our domestic supply chain have created significant challenges for manufacturers, agricultural producers, shippers, distributors, and retailers. At times when supply chains are tight, the federal government must do more to help address these inefficiencies where possible. I support efforts by the Department of Commerce to **research and disseminate voluntary standards, guidelines, and best practices** for producers, distributors, and retailers to help address inefficiencies in our supply chains. This should also include additional work done by the Bureau of Economic Analysis, the National Institutes of Standards and Technology, and the Bureau of Industry and Security to **conduct detailed research and mapping of critical domestic supply chains** to identify bottlenecks.

Ports across the country are also facing significant freight backlogs, which are contributing to empty shelves and higher prices at grocery stores across the country. To address these challenges, the Federal Maritime Commission (FMC), which oversees operations at seaports, should issue regulations requiring **marine terminal operators and ocean carriers to share information to facilitate the movement of goods at ports**. Currently, there is a failure of shippers and port operators to share information, which can cause unnecessary delays or miscommunications that delay port operations. I also support efforts by the Department of Transportation and FMC to **standardize the terms used in documents and operations by shippers, port operators, and regulators** to avoid miscommunications, accidents, or delays at ports.

Fuel and diesel prices:

Finally, as I have written previously to President Biden on the topic of gas prices, diesel and other fuel prices remain volatile hurting families not just at the pump but through higher prices at the store as shipping costs rise. Although crude oil prices now appear to be declining, the potential for foreign oil cartels to restrict global supplies remains a risk. Stability in domestic oil and gas production is important throughout the pandemic and during the transition to carbon-free and cleaner burning fuels.

Reduce costs for farmers:

Global trade dynamics, supply chain backlogs, and regulations have caused price hikes for many essential products that are critical to farmers – and these price hikes persist throughout the

supply chain and ultimately hurt consumers. Current projections indicate that fertilizer prices will rise 5% in 2022, with specialty fertilizers needed for certain products increasing more. Ongoing anti-dumping and countervailing duty investigations by the U.S. International Trade Commission (ITC) have contributed to rising fertilizer prices. **ITC must consider the affect that its investigations are having on fertilizer prices for farmers and ranchers.** At the same time, as the Environmental Protection Agency (EPA) continues to conduct periodic reviews of pesticide safety, the **EPA should provide clear communication and make predictable decisions, based on available data,** to avoid creating price spikes within the agricultural supply chain.

Arizona families cannot continue to bear the cost of price volatility present within our food supply chains, and the federal government can do more to help. I respectfully request that you make the issue of rising food prices a top priority for your Departments, and act quickly to implement the actions detailed above to begin to provide relief to hardworking families.

Sincerely,

A handwritten signature in blue ink that reads "Mark Kelly". The signature is written in a cursive, flowing style.

Mark Kelly
United States Senator