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Ms. Tess Butler
GIPSA, USDA
1400 Independence Avenue, SW
Room 1647-S
Washington, DC 20250-3604

Re: Federal Register – May 30, 2003 page 32455

Dear Ms Butler,

Our company, Cactus Feeders, has been in the business of feeding cattle for over a quarter of a century. We purchase and market approximately one million cattle per year. We, like many in the beef industry, are very pleased that USDA/GISPA is preparing a study about marketing methods of livestock from producer to consumer, and exploring the retail, export and foodservice marketing avenues.

We feel, in order to add tremendous value of understanding to our industry that this study should be awarded to a prestigious business school, like Wharton or Harvard Business School. This will add a new dimension of perspective and they will enter with no preconceived notions or possible biases. Granted, they may need guidance and we suggest a panel of experts made up of distinguished professors from various agricultural economic departments that possesses an in-depth knowledge about the beef industry, like Dr. Clem Ward of Oklahoma State University, Dr. Ernie Davis of Texas A&M, and Dr. Wayne Purcell of Virginia Tech to name a few. This panel of experts can either assist the business school in its study or provide a final analysis of work completed.

In regards to the actual study, we are very concerned with the widening of the farm-to-retail price spread and also the widening of the wholesale-to-retail price spread over the past decade. The study needs to address why these two spreads have been widening. Another area is that of the retail sector and the pricing mechanisms used (i.e. high-low pricing, loss leaders, etc.) and their impact on the market place. The last item we would like to see addressed is if there are alternative ways to market cattle, other than the current methods, which provides both market liquidity and price transparency while rewarding the producer for value creation.

Thank you for considering our recommendations. Again, we are very supportive of USDA/GISPA course of taking an in-depth look at the marketing methods that affect our industry.

Sincerely,

Benjamin Tarr
Employee-Owner