



NRF's Chain Restaurant Division

nccr

**National Council of Chain Restaurants
POLICY POSITIONS**

Commodity Prices

Ethanol:

Rising prices for the food we all eat are a concern for everyone, including the chain restaurant industry and its thousands of small business franchisees. Although some of the factors contributing to rising food prices – such as weather and increasing world demand – are beyond the control of Federal policymakers, many such factors are within their control. U.S. policy on biofuels, and on corn ethanol in particular, is a widely-recognized contributor to food price inflation. Experts from across the political spectrum now recognize this fact, and many are now calling for an end to Federal subsidies and supports for the corn ethanol industry. Although NCCR continues to support incentives for advanced biofuels, such as cellulosic and others that hold promise for a future of greater U.S. energy independence, we oppose continuation of subsidies and supports for the mature corn ethanol industry. Specifically, we support elimination of the Volumetric Ethanol Excise Tax Credit (VEETC) and the tariff on imports of foreign sources of non-corn ethanol.

Commodity speculation:

Food price volatility is also exacerbated by excessive speculation in agricultural commodities markets. As commercial users of commodity futures markets, chain restaurants rely on well-functioning, efficient futures markets. NCCR believes that passive long speculative positions have contributed to unreasonably high futures prices of agricultural commodities and have interfered with the ability of commercial users such as ourselves to effectively hedge risk. The Dodd-Frank Wall Street Reform and Consumer Protection Act grants additional authority to the Commodity Futures Trading Commission (CFTC) to reduce the influence of passive long financial speculators (e.g. Wall Street banks, index funds and exchange traded funds) on commodity markets. NCCR believes that as the CFTC begins the rule-making process to implement the Dodd-Frank Act, the final rules should:

- Ensure that definition of bona fide hedges, as used to apply to both individual and aggregate position limits, properly includes commercial end-users and excludes passive long financial speculators. Under no circumstance should passive long financial speculators qualify for the bona fide hedge exemption by hedging “general inflation risk.”
- Ensure that position limits, either individual or aggregate, be set at levels that are effective in limiting passive long speculative influences on commodity prices. Ensure that any increased margin requirements are strictly limited to non-commercial users and not applied to farmers, manufacturers and end users.
- Ensure that all swap dealers fully disclose the category of their customer (end user, farmer, traditional speculator, index fund).

Dairy:

Price volatility in dairy markets has been a problem for many years, and NCCR supports reform of U.S. dairy policy that will bring about greater price stability.

Many factors will contribute to a more productive and efficient dairy sector, including increased efficiencies, technology, and fair and free trade.

Arbitrary limits on growth in U.S. milk production should be avoided. As U.S. policymakers begin the process of dairy policy reform, they should include mechanisms to avoid disruptions in supply during transition periods. Finally, changes in U.S. dairy policy should avoid burdening consumers of dairy products with the costs of those policy changes.

Food Safety

The chain restaurant industry's highest priority is helping to ensure the safety and integrity of our food supply. NCCR believes that the Food and Drug Administration and other federal regulatory agencies that oversee food safety should have the necessary resources to protect the food supply. The industry supports partnerships between the public and private sectors to advance food safety best practices that are based on sound science.

Health Care

Our nation's health care system should be market-based and voluntary. It should be focused upon the improvement of patient access, better and transparent health information and quality of care. NCCR has long advocated for reforms to the healthcare system which are built upon the existing employer-based system and which should include the necessary support for wider coverage in the group and individual health insurance marketplace to provide more affordable competitive alternatives for consumers. Government requirements placed on employers (including those dealing with plan design and the amount of company subsidy) must be avoided so as not to increase health coverage costs. Finally, the ability of multi-state employers to offer a range of benefits to all employees must be preserved.

Unfortunately, the Patient Protection and Affordable Care Act (PPACA), enacted by Congress in 2010 does not further these goals and, in fact, runs counter to many of them. NCCR opposed PPACA. In addition to pursuing repeal of the onerous provisions of the statute, NCCR is working to educate policymakers about several of the law's most damaging provisions to the chain restaurant industry and our thousands of small business franchisees. Included among NCCR's top priorities are:

- Defining a full-time employee as working 40 hours per week, or at least 35 hours per week, determined on at least a 120-day basis.
- Expanding waiting periods to at least 120 days.
- Repealing auto-enrollment or delay the onset of auto-enrollment for at least 120 days, consistent with maximum waiting periods.

Interchange "Swipe Fees"

Interchange is a percentage of each transaction that Visa and MasterCard banks collect from retailers every time a credit or debit card is used to pay for a purchase. The fee varies with type of card, size of merchant and other factors, but as much as \$2 of every \$100 spent by consumers goes to card issuers. These fees have tripled over the past decade to nearly \$50 billion a year. Interchange drives up prices for consumers, currently costing the average U.S. household an estimated \$427 annually.

Banks that issue credit and debit cards all charge the same schedule of price-fixed interchange fees for specific types of cards regardless of which bank issues the cards. There is no competition between card-issuing banks and the banks and card companies refuse to negotiate with merchants over the fees, imposing them on a take-it-or-leave-it basis.

After several years of hearings and study, Congress passed swipe fee reform as part of the Dodd-Frank Consumer Protection and Wall Street Reform Act in 2010. An amendment sponsored by Senate Majority Whip Richard Durbin (D-IL) requires that the Federal Reserve establish regulations that would result in “reasonable” debit card swipe fees “proportional” to banks’ actual costs of processing the transactions. The Durbin amendment applies only to debit card interchange fees (not credit card interchange), and financial institutions with assets below \$10 billion are exempted.

With swipe fee reform enacted by Congress last year, banks are allowed to charge merchants whatever they want as long as they don’t fix prices. The Federal Reserve subsequently told banks that if they fix prices then there have to be limits. As things stand today, every single bank in the U.S. charges exactly the same debit swipe fee rates. It’s as if the Coca Cola Company ordered retailers to sell every single Coke product at the same price.

NCCR filed comments on the Fed’s proposed regulation on debit card interchange. (Click here for NCCR’s comments). NCCR noted that chain restaurant ticket totals, particularly those in quick service restaurants, tend to be small compared to other retailers, and that a cap on debit card fees that is lower than the Fed’s proposed cap of 12 cents per transaction would be appropriate. NCCR believes debit card transactions should be honored at close to face value since debit cards are essentially plastic checks.

Immigration Reform

NCCR has long supported comprehensive reform to U.S. immigration policy to address glaring deficiencies in our country’s ability to provide a steady, stable supply of workers to keep our economy growing. Reforms must address both short and longer term workforce needs of the country.

NCCR also recognizes that any reforms must include measures to increase border security and an effective and efficient system of employee verification. However, any mandated system of employer-initiated employee verification must be phased in over time, must include a safe harbor for employers who use the system in good faith, and must avoid disruptions to the normal course of business activity. Moreover, such a system must preempt all State and local verification requirements and must not mandate re-verification of existing employees.

Menu Labeling of Nutrition Information

The chain restaurant industry led the effort to enact a uniform national standard for menu labeling of nutrition information in chain restaurants, which will ensure that nutrition information is provided to consumers in a consistent and understandable format in all States and localities. Congress enacted Section 4205 of the Affordable Care Act which creates this national standard.

Consumers deserve to know the nutritional content of their food. And chain restaurant operators, including thousands of small business franchisees across the country, deserve the certainty of a Federal standard that preempts all other menu labeling regulations. NCCR is working with the Food and Drug Administration (FDA), the Agency responsible for writing the regulations, to implement the law. NCCR seeks to ensure that the FDA’s menu labeling regulations are flexible enough to accommodate the diverse array of chain restaurant concepts, while at the same time providing consumers with nutrition information that is helpful and easy to understand.