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FOR MORE INFORMATION, CONTACT: Mabel Dobbs, (208) 549-3433; Jeri Lynn Bakken, WORC staff, (701) 376-7077; or Kevin Dowling, WORC staff, (406) 252-9672.

Western livestock producers support bill to end manipulative markets

Weiser, Idaho – Western ranchers welcomed introduction of a bill to stop unfair and manipulative practices by meatpackers that harm independent livestock producers.

U.S. Senators Mike Enzi, R-Wyo., Byron Dorgan, D-N.D., Chuck Grassley, R-Iowa, and Tim Johnson, D-S.D., introduced today the Livestock Market Fairness Act. The act would amend the Packers and Stockyards Act of 1921 to end certain anti-competitive forward marketing contracts and ensure that producers have full access to the marketplace.

“Ranchers thank Senators Enzi, Dorgan, Grassley, and Johnson for being long-time champions of independent cattle producers,” said Mabel Dobbs, Chair of WORC’s Livestock Team and rancher from Weiser, Idaho. “Ranchers want a market-driven, fair price to keep providing U.S. consumers with the healthiest and safest food in the world.”

Dobbs urged other Senators to cosponsor the bill. “We need to build support for fair livestock markets among Western Senators. Ranchers should talk to the Senators when they are in state during the upcoming break for Memorial Day.”

The bill would:

- Require that forward contracts for livestock (cattle, hogs and lambs) be traded in public markets where buyers and sellers can witness bids as well as make their own offers. This ensures the market is open to multiple offers.
- Require marketing agreements to have a firm base price derived from an external source. This ensures that local contract prices are not subject to manipulation by packer-owned herds.
- Exempt producer owned cooperatives, packers with low volumes and packers who own only one processing plant. This exemption targets the source of price manipulation and ensures that the business practices of small family-owned processors are not impacted by the law.
- Ensure that trading is done in quantities that provide market access for both small and large livestock producers.

Many large meatpackers own or control livestock through forward contracts. When prices are high, these meatpackers buy meat from themselves. When prices are

low, they buy from other sources. A few meatpackers control most of the domestic cattle and hog slaughter in this country.

“Forward contracts have long been a packing industry tool to manipulate prices in the cattle market,” Dobbs said. “ A fixed base price on the day the agreement is made will level the playing field for independent cow-calf producers.

“Instead of focusing money and resources on implementing an animal identification program, the Department of Agriculture should turn its attention to restoring fair livestock markets, something that would truly benefit both consumers and ranchers,” Dobbs said.

“During his campaign, President Barack Obama said he wanted to prevent anticompetitive behavior against family farms,” Dobbs said. “We look forward to the passage of this bill.”

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