

REIN IN THE PACKERS: IT'S TIME TO GIVE THE PACKERS & STOCKYARDS ACT SOME TEETH

A tiny handful of giant meatpackers and processors have been underpaying and unfairly treating livestock producers for decades.

These packers control the livestock markets and their market power harms independent producers and the prosperity of rural communities.

The Packers & Stockyards Act of 1921 (P&SA) was enacted to comprehensively regulate packers, stockyards, marketing agents and dealers. At the time of its passage it was considered to be the strongest anti-trust law ever to be enacted. However, the U.S. Department of Agriculture, which oversees the P&SA, has failed to effectively enforce the law to maintain competitive markets for livestock producers for over two decades. Finally, President Obama and his administration see the importance of enforcing this law and enhancing it to address the problems of the markets today.

USDA has proposed new rules to help level the playing field for producers and restore some fairness in the livestock markets.

WHAT THESE RULES DO

The rules lay out criteria the packers must follow to ensure contracts they make with producers, feeders and growers are fair.

These rules would help livestock producers in six areas:

- ✓ Requiring packers to maintain written records to show justification for any price differentials or deviations from a standard price including for any premium or discounts they offer to livestock producers. Packers must have a good reason for giving any individual feeder a better or worse price than they gave another feeder for the same quality cattle and they must keep records that document the cost or revenue justification for the difference.
- ✓ Clarifying that in some circumstance a violation of the Act can be proven without showing an injury to competition in general. Recent court cases have held that in order to prove a violation of the Act a poultry grower must show the processor's action harmed him/her individually as well as competition in general. These proposed rules clarify that a producer or grower can, in certain circumstances, prove a violation of the Act by showing that a packer action harms the producer without showing that it harmed competition in general.
- ✓ Preventing a packer from retaliating against a producer in response to the lawful expression, spoken or written, association, or action.

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- ✓ Prohibiting packers from purchasing livestock from other packers or other packer-affiliated companies, but allowing waivers in emergency situations.
- ✓ Setting criteria for determining when a packer violates the Act by giving differential treatment to producers solely based on volume of livestock. Currently some packers might offer better price terms to producers that can provide larger volumes of livestock but not offer the same terms to a group of producers that would collectively provide the same volume of equal quality livestock. The proposed rules, establish that USDA may consider this practice a violation of the Act.
- ✓ Prohibiting bonded packer buyers from purchasing livestock for more than one packer. One buyer can only buy for one packer.

NEXT STEPS

These proposed rules are a first step towards improving the livelihoods of producers and their families. However, USDA needs to do more to address the market power of the large packers. The next step is to develop an open and competitive market by requiring packers to pay a firm base price for all livestock they procure and require them to purchase livestock for slaughter or sell livestock the packer already own in an open public market where all buyers and sellers have access.

TAKE ACTION

- ✓ Send comments to USDA and share your story of market manipulation and how low livestock prices have impacted your community.
- ✓ Thank USDA for writing these rules and tell them that these rules will improve the market conditions for cattle ranchers, hog producers, and poultry growers in today's concentrated livestock and poultry markets.
- ✓ Let them know that these rules are a good start towards solving the problems of market manipulation by the meat packing industry. The next step is to require packers to pay a firm base price for all livestock they procure and require them to purchase their livestock supplies and to sell livestock they already own in an open public market where all buyers and sellers have access.

SEND IN YOUR COMMENTS:

The public can submit comments by:

- ✓ Email at comments.gipsa@usda.gov;
- ✓ Fax to (202) 690-2173;
- ✓ Mail to Tess Butler, GIPSA, USDA, 1400 Independence Ave. SW, Rm 1643-S, Washington, DC 20250-3604; or
- ✓ Online at the federal e-rulemaking portal at www.regulations.gov.

Comments are due November 22. All comments should refer to: Farm Bill Comments Tuesday, June 22, 2010 Federal Register pg. 35338.

For more information or to comment through our web site, visit www.worc.org. You can also call Jeri Lynn Bakken at WORC's Lemmon, South Dakota office at (701)376-7077 or email her at jerilynn@worc.org.