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FOR MORE INFORMATION, CONTACT: Mabel Dobbs, (208) 549-3433, John Smillie, WORC staff (406) 252-9672; or Kevin Dowling WORC staff, (406) 252-9672

Ranchers support livestock market reforms Open, public trading would help packers comply with new rules

Billings, Mont. – A group of Western ranchers supports proposed changes to the rules protecting ranchers and farmers when they sell livestock and says more reforms are needed to improve the livelihoods of independent livestock producers.

Comments submitted yesterday by the Western Organization of Resource Councils (WORC), a network of farmers, ranchers, landowners and consumers, called on the Grain Inspection, Packers and Stockyards Administration (GIPSA) to end market manipulation by the meatpackers by requiring packers to pay a firm bid price determined in an open and public market.

“The big meatpackers are restricting ranchers’ market access, preventing price discovery, limiting price transparency, and manipulating prices paid to producers,” said Mabel Dobbs, a Weiser, Idaho, rancher and Chair of WORC’s Livestock Committee. “The proposed rules are a step towards addressing the malfunctioning livestock markets.”

Dobbs said open, public market trading would provide a “safe harbor” for the packers to comply with provisions of the rules that prevent packers from giving undue preferences or advantages to some producers over other producers and prohibit packer-to-packer sales of slaughter livestock.

“By either offering or accepting offers on various price terms in an open, public market to which producers in general have access, packers could show they made the price terms available in a non-discriminatory manner,” WORC’s comments said. “By selling packer-owned livestock in a competitively bid, open, public market to which all potential buyers have access, packers could sell their livestock to other packers while preventing harmful price signaling or collusion.”

Adding the safe harbor provision would make it easier for packers to comply with the new rules, while facilitating price discovery through competitive bidding, use of forward contracts and marketing agreements to coordinate livestock supplies, and promoting value-based pricing and payment premiums, Dobbs said.

WORC submitted the comments on behalf of itself and its seven member groups: Dakota Resource Council, Dakota Rural Action, Idaho Rural Council, Northern Plains Resource Council, Oregon Rural Action, Powder River Basin Resource Council, and Western Colorado Congress.

A copy of WORC’s comments is available at www.worc.org.

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