

***Growers encouraged to write a letter today to support these rule changes!***

The Grain Inspection, and Packers and Stockyards Administration (GIPSA) issued the proposed rule changes listed below to the regulations that govern the Packers and Stockyards Act. Those wishing to file comments only have until October 30, 2007 to explain why these rules are needed and how they can be improved to truly provide poultry farmers with adequate protection. A copy of the proposed rules can be found in the *Federal Register* Vol. 72, No. 147 / Wednesday, August 1, 2007 / Proposed Rules beginning on page 41952 or see it online at:

<http://archive.gipsa.usda.gov/rulemaking/fr07/8-1-07.pdf>

UPGA members can also call the headquarters office at (229) 420-4863 to request additional information. Below is a description of the proposed changes along with additional concerns provided by RAFI-USA:

**The Proposed Rule:** *Poultry growing arrangement; timing of disclosure.* Live poultry dealers who offer a contract to a poultry grower must provide the poultry grower with a true written copy of the offered contract on the date the company provides the poultry grower with poultry house specifications.

Currently, some growers don't see their contract until after they have invested hundreds of thousands of dollars in new barns and equipment. If they do not like the terms of the contract at that point, there is not much they can do since they have just taken out an enormous loan for the sole purpose of raising chickens. Many times there are only one or two companies in an area, and so once a grower builds his houses, he/she does not have many options but to sign the contract that the company gives him/her.

**The Proposed Rule:** *Right to discuss the terms of poultry growing arrangement or contract offer.* Live poultry dealers must allow poultry growers to discuss the terms of a poultry growout contract offer or poultry growing arrangement offer with: (1) A Federal or State agency; (2) The grower's financial advisor or lender; (3) The grower's legal advisor; (4) An accounting services representative hired by the grower; or (5) A member of the grower's immediate family or a business associate.

Some growers have confidentiality clauses in their contracts that say that they can't share their contract with anyone – not even their spouse, financial advisor, or a lawyer. Growers should not be prohibited from discussing contract terms with business advisers since buying or building poultry houses and equipment is a major financial investment. In addition to the parties mentioned in the rule change above, growers also need to be able to show their contracts to their appraiser, realtor, and other poultry growers that raise poultry for the same company.

**The Proposed Rule:** *Contracts shall specify any performance improvement plan guidelines, including:* (i) The factors considered when placing a poultry grower on a performance improvement plan; (ii) The guidance and support provided to a poultry grower while on a performance improvement plan; and (iii) The factors considered to determine if and when a poultry grower is removed from the performance improvement plan and placed back in good standing, or when the contract will be terminated.

In some cases, contracts do not say up front that growers are subject to being placed on a Performance Improvement Plan (PIP) if they do not meet minimum performance criteria and what will happen if they don't meet the criteria. Growers need to know this information along with the financial consequences of being placed on the PIP. Additionally, they need assurance that they will not be placed on this program that decreases their pay for factors outside of their control.

**The Proposed Rule:** *The Written termination notice; furnishing, contents.* When live poultry dealers terminate a poultry growing contract, they must provide the poultry grower with a written termination notice [pen and paper] at least thirty (30) days prior to the removal of a flock. Poultry contracts must also provide poultry growers with the opportunity to terminate their poultry growing arrangement in writing at least thirty (30) days prior to the removal of a flock. Written notice regarding termination shall contain the following: (1) The reason(s) for termination; (2) In the case of termination, when the termination is effective; and (3) Appeal rights, if any, the poultry grower may have with you.

All growers need written notice for the reason for contract termination in an adequate amount of time (at least 180 days) so that they can determine how to continue to pay their mortgage and other living expenses. If growers are not going to get poultry for a longer than normal period, they also need to figure out how to manage their finances accordingly. Since growers have so much invested in their single use buildings, they need adequate time to make new arrangements if their source of income is no longer there. With the increased consolidation of poultry companies, many times growers will not have any other options to contract with and thus will have to seek new work if the contract is terminated.

### **Send Your Letter To:**

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Room 1643-S,  
Washington, DC 20250-3604.

Faxes should be sent to (202) 690-2755.

Emails should be sent to [comments.gipsa@usda.gov](mailto:comments.gipsa@usda.gov).

***Please indicate you are providing comments on the proposed regulations published at 72 Federal Register 41952-56 (August 1, 2007) and make sure comments are received by October 30, 2007.***