

## The letter from UPGA President to Senator Grassley...



Lucius Adkins

Dear Senator Grassley:

I am the president of the United Poultry Growers Association and am writing to express strong support for the Fair Contracts for Growers Act.

Our 1000 grower members in Georgia and neighboring states appreciate your continued leadership on the issue of vertical integration in agricultural production. This phenomenon has led to the proliferation of mandatory arbitration clauses in grower contracts with large processors, called integrators. These are essentially non-negotiable contracts and they wind up putting growers in a "take it or leave it" position with integrators.

After UPGA's urging, the Georgia General Assembly passed HB 648 in 2004 to address some of these contractual problems facing growers. The bill was signed into law, but it doesn't go far enough to really afford growers substantive

relief. We need a federal law such as your proposal, which addresses growers' constitutional rights to trial by jury, without prohibitively expensive binding arbitration contracts. In fact, the high cost of up-front filing fees and arbitrator fees can outweigh the cost of the actual farmer dispute with the company.

We continue to grapple with this problem of nontransparent contracting and integrator "tournament style" growout grading that leaves growers with no control over inputs and no access to real information used in computing our pay. Reforms to agricultural contract law could level these playing fields for growers without hurting processors. We need each other, but the process has to be a partnership, not one of servitude.

Senator, we urge you to continue this fight for growers and wish to express our great appreciation for your leadership in recognizing these concerns.

Lucius Adkins

President, United Poultry Growers Association



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# Chicken Wire

## What Would You Do?

*What would happen if the USDA were to shut down your broiler houses due to a possible outbreak of Avian Flu?*

How would you handle the loss of income due to this business interruption? There is a new product that can help you if the USDA quarantines your houses due to a suspicion of Avian Flu. This policy is being exclusively offered at this time through Lloyd's of London.

To find out if this coverage is right for you, contact **Financial Services of the South** for more specific information. One of the individuals below will be glad to answer any questions you might have:



Hank Jester    **Mobile:** (888) 245-3335    **Office:** (229) 724-7100    **EMail:** chj@alltel.net  
Bob Collier    **Mobile:** (229) 723-6798    **Office:** (229) 723-6505  
Steve Jackson    **Mobile:** (229) 359-0719    **Office:** (229) 724-7100    **EMail:** stevejackson@alltel.net

### Financial Services of the South Important Coverage Features

- ❖ The policy covers H5N1 Avian Flu.
- ❖ Governmental funds are in place to reimburse the integrator for Avian Flu expenses, but the funds currently available for the poultry farmer are for cleanup expenses only.
- ❖ The policy period is for 1 year and will be renewable.
- ❖ Policies are available for anyone in the United States with a broiler operation.
- ❖ Pricing varies per state with Georgia's rate currently \$530.40 and Alabama's rate \$540.60 per year per broiler house.
- ❖ The policy covers individual broiler houses with a one-time payment of \$5,000 per house and a cap of \$100,000 (20 houses at \$5,000 per house) per farm should your broiler operation be shut down due to Avian Flu.
- ❖ No pre-qualification is necessary.
- ❖ There is no other coverage for broiler houses that compensates for the loss of income due to the business interruption that could be caused from an Avian Flu outbreak.

**NOTE:** This article is provided for informational purposes only and is not intended to recommend or endorse any product. All information contained herein was gathered from reliable sources and is believed, but not guaranteed, to be correct. Readers are encouraged to perform their own investigation before making any decision.

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# Avian Flu in the News

## H5N1 Bird Flu in Southern Japan

Bird flu detected in southern Japan was the virulent H5N1 strain, according to tests by the National Institute of Animal Health.

The virus killed about 4,000 chickens last week at a farm in Miyazaki prefecture. Miyazaki, about 560 miles southwest of Tokyo, is Japan's largest chicken-producing region.

All birds at the affected farm have been culled, and their carcasses are in the process of being burned. Authorities banned the shipment of eggs and chickens at 16 other farms in the area while the Agriculture Ministry ordered a nationwide inspection of poultry farms to detect any signs of sick birds. ❖

## UN Urges Caution - Bird Flu Outbreaks

The UN Food and Agriculture Organization (FAO) has warned against complacency after fresh flare-ups of bird flu worldwide, as Thailand reported its second outbreak this year.

Five people in Indonesia have died from the virus since the start of 2007, while China, Egypt, Japan, South Korea, Vietnam, Nigeria and Thailand have all seen a resurgence of the deadly H5N1 strain in poultry and birds this year.

"FAO is concerned about these new flare-ups, demonstrating that the virus continues to persist in Asia as well as



other counties," Hiroyuki Konuma, FAO deputy regional representative for Asia and the Pacific, told reporters Tuesday.

The FAO expressed concern that an increased poultry market over the Lunar New Year holiday across much of Asia in mid-February could lead to further outbreaks of H5N1, which has killed more than 160 people worldwide since late 2003.

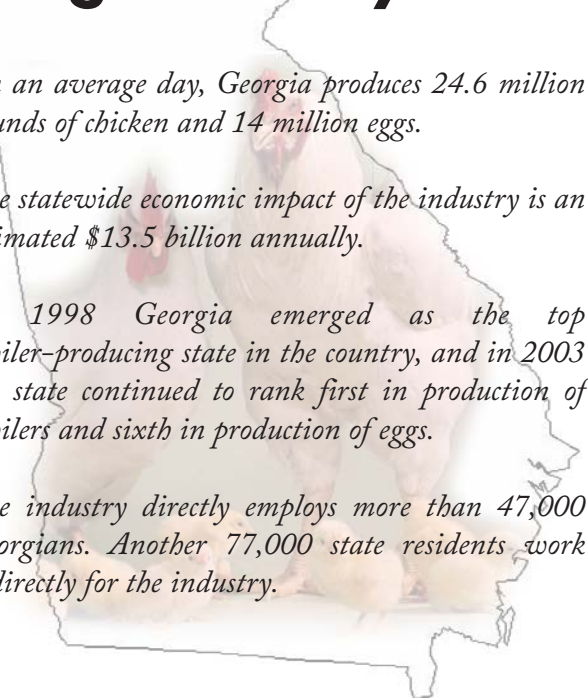
However, it said there was a drop in the number of avian influenza outbreaks compared to the same period last year, and a significant improvement over a three-year period.

"In 2004 there was a galloping epidemic. That is not the situation today," said Laurence Gleeson, of the FAO's emergency centre for transboundary animal diseases.

"We are concerned that there has been this blip, but we are not overly concerned and it is not chaos and panic," he added. ❖

# Georgia Poultry Facts

- ❖ On an average day, Georgia produces 24.6 million pounds of chicken and 14 million eggs.
- ❖ The statewide economic impact of the industry is an estimated \$13.5 billion annually.
- ❖ In 1998 Georgia emerged as the top broiler-producing state in the country, and in 2003 the state continued to rank first in production of broilers and sixth in production of eggs.
- ❖ The industry directly employs more than 47,000 Georgians. Another 77,000 state residents work indirectly for the industry.



# Annual Meeting

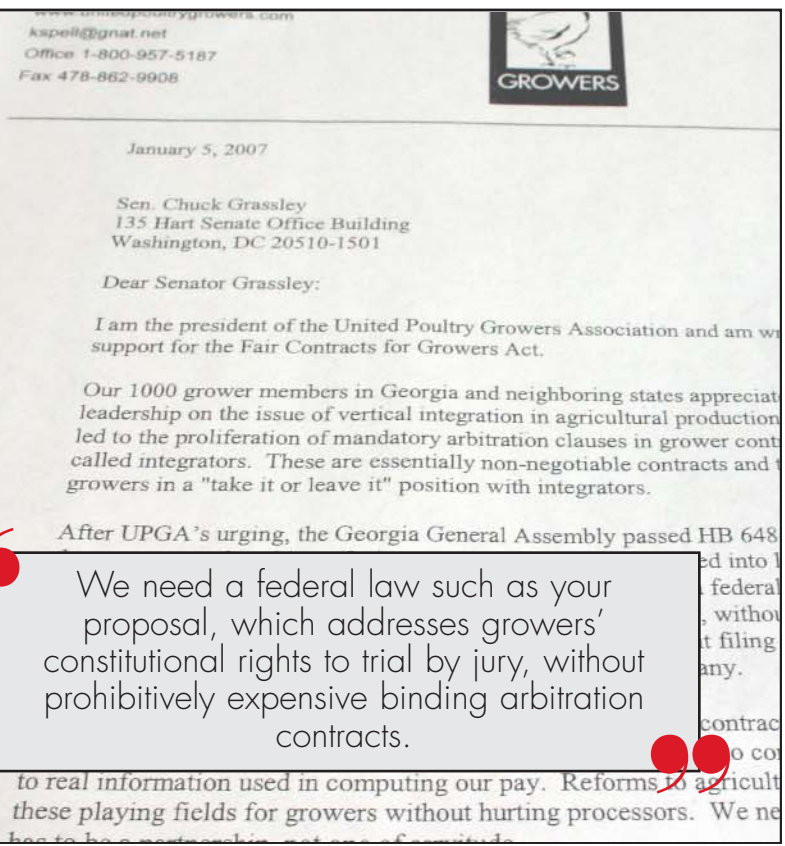
**UPGA held their annual meeting October 25, 2006 in Macon, Georgia. Highlights of the meeting:**

- ❖ Board members re-elected were Lucius Adkins and Steve Bullock.
- ❖ Steve Baughn, UPGA's propane consultant gave a report of showing the volatility of propane prices in the past year. He discussed the advisability of purchasing your own tanks and checking your supply lines and tanks for leaks.
- ❖ UPGA President Lucius Adkins reported on current efforts to further the interests of poultry growers in the areas of medical insurance, property insurance, propane prices, and legislative issues.

## Fair Contracts for Growers Act

On January 9th, 2007, Senator Grassley of Iowa introduced Senate Bill 221, known as the "Fair Contracts for Growers Act of 2007" to provide for greater fairness in the arbitration process relating to livestock and poultry contracts. Once again, UPGA is supporting legislation to ensure that the decision to arbitrate is truly voluntary and that farmers are not coerced into waiving their rights. **UPGA's letter of support dated January 5, 2007 is shown in its entirety on back page.**

- ❖ Vertical integration in agricultural production has led to the proliferation of mandatory arbitration clauses in grower contracts with large processors. These are essentially non-negotiable contracts, and they wind up putting growers in a take it or leave it position with integrators.
- ❖ Senator Grassley's bill requires that if a livestock or poultry contract provides for the use of arbitration to resolve a controversy under the livestock or poultry contract, arbitration may be used to settle the controversy only if, after the controversy arises, both parties consent in writing to use arbitration to settle the controversy.
- ❖ At UPGA's urging, the Georgia General Assembly passed HB 648 in 2004 to address contractual problems facing growers; but, to really afford substantive relief to growers, we need a federal law.
- ❖ UPGA supports Senator Grassley's proposal, which addresses growers' constitutional rights to trial by jury, without prohibitively expensive binding arbitration contracts and costly up-front filing fees and arbitrator fees that can outweigh the cost of the actual farmer dispute with the company.



"We need a federal law such as your proposal, which addresses growers' constitutional rights to trial by jury, without prohibitively expensive binding arbitration contracts."

## Gold Kist Acquired by Pilgrim's Pride

When Pilgrim's Pride closed on its \$1.1 billion acquisition of Gold Kist, it became the world's leading chicken company and Gold Kist became a wholly owned subsidiary. The remaining outstanding shares of Gold Kist were converted into the right to receive \$21 per share in cash.

Gold Kist, based in Atlanta, initially fought overtures by Pilgrim's Pride, which is based in Pittsburg, Texas. But the two companies now say they have reached an agreement.

The combined company will be the world's leading chicken company in terms of production and the third-largest U.S. meat company by revenue.