



Message from UPGA President Lucius Adkins

As we work our way into this economically distressed year of 2010, it behooves us to remember some of the other tough times we've faced as growers. I can remember back in the 1970's the really tough times on the farm, when drought and extreme interest rates (over 21%) threatened to end the work that I had grown up loving.

While poultry growers have experienced tough times too, particularly our brothers at the mercy of company closings, we have the tools to endure and more are on the way.

Remember some of the recent triumphs that we've had that will ultimately pave the way for a better future. Inside this issue, you will see some of the great strides forward USDA is making in regulating our industry in a more transparent and fair way.

We will ultimately always struggle to harness the best returns for our labors - that's the nature of a producer-buyer relationship. But, at least now we have additional protections that level the

playing field moving forward. Please remember that is why UPGA is here, to foster the information exchange that will help you be more successful on the farm.

Call on us when you can't seem to get the answer you need or are struggling to find that product or service that eludes you. As a result, UPGA members are better informed and that makes us better growers when the times are tough. Let's hang tough together and better times will prevail!

Sincerely,
Lucius Adkins
President, United Poultry Growers Association



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GIPSA Provides Guidance Tools, Issues New Rule

Source of all related articles - USDA

The Grain Inspection and Packers and Stockyards Administration (GIPSA) is charged with ensuring fair and competitive trading practices for agricultural producers and consumers. Specifically, GIPSA facilitates the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products, and promotes productive and competitive global marketplace for U.S. agricultural products. For poultry growers, the agency is important in enforcing and improving transparency and equity in marketing with integrators. The agency has numerous publications available at its website www.gipsa.usda.gov. Among those documents, GIPSA offers related articles in this newsletter to assist poultry growers.

See "In Troubled Times," "USDA Final Rule," and Q&A articles.

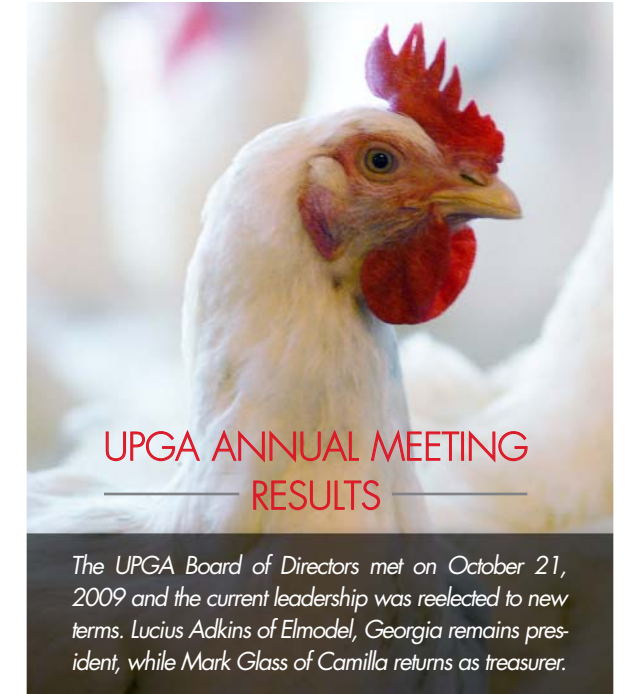
IN TROUBLED TIMES: Financial Protection for Livestock Producers and Poultry Growers

Like other segments of the U.S. economy, recent conditions also have impacted members of the livestock and poultry industries. A number of livestock producers and poultry growers have contacted GIPSA with concerns about transactions involving packers and live poultry dealers. Whether the packers and/or live poultry dealers have filed bankruptcy or are suffering financial difficulties resulting in delayed or non-payment for livestock and poultry transactions, the Packers and Stockyards (P&S) Act of 1921 can offer some protection. The P&S Act establishes trust protection for certain producers and growers doing business with packers and live poultry dealers.

Two trusts, a packer trust and a poultry trust, are authorized in the Packers and Stockyards Act (P&S Act). Congress authorized these trusts to remedy the burden placed on public interests by packers' and live poultry dealers' inadequate financing arrangements.

The packer trust protects cash sellers of livestock. It does so by making the cash sellers' rights to specific assets of the packer legally superior to the interests of any secured lenders to whom the packer offered those assets as collateral for loans. Similarly, the poultry trust protects live poultry growers and cash sellers of poultry. It does so by making their rights to specific assets of the live poultry dealer legally superior to the interests of any secured lenders to whom the live poultry dealer offered those assets as collateral for loans.

The most important action that sellers and growers must take to preserve their rights is to file timely written notice of their claim against the regulated entity who owes them. This written notice must be provided to GIPSA and the regulated entity who owes the seller or grower within a specified period after the transaction date(s). *Continued on page 2*



UPGA ANNUAL MEETING RESULTS

The UPGA Board of Directors met on October 21, 2009 and the current leadership was reelected to new terms. Lucius Adkins of Elmodel, Georgia remains president, while Mark Glass of Camilla returns as treasurer.

GIPSA Q&A on the New Rule

Q. Why is USDA promulgating this rule?

A. USDA is publishing this final rule to address years of requests from growers, grower organizations, and by members of Congress to establish basic standards of fairness and equity in contracting in the poultry industry.

Q. What is the Packers and Stockyards Act?

A. The Packers and Stockyards Act was enacted in 1921 and prohibits unfair, deceptive, and unjust discriminatory practices by market agencies, dealers, stockyards, packers, swine contractors, and live poultry dealers in the livestock and poultry industries.

Q. How will this rule help poultry producers?

A. By bringing more transparency to poultry contracting, this rule will allow poultry growers to make better business decisions. Poultry growers now will receive timely and more complete information about their growing arrangements, including information about any performance improvement plans, which they can discuss with their business advisors. In addition, producers will be given notice of any form of contract termination in advance so that they can adjust their operations to safeguard their livelihoods and investments. This, in turn, will

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'In Troubled Times' continued from page 1 . . .

At a minimum, the written trust claims should include the following information:

- ❖ **The packer or live poultry dealer's name and contact information;**
- ❖ **The seller or grower's name and contact information;**
- ❖ **The date of the transaction(s) in which the packer or live poultry dealer failed to pay for livestock or poultry;**
- ❖ **The date the seller or grower received notice that one or more payment instruments from the packer or live poultry dealer were dishonored (if applicable);**
- ❖ **The amount of money the packer or live poultry dealer owes the claimant for livestock or poultry; and**
- ❖ **Any other information necessary to support the seller or grower's trust claim.**

The following publications provide more information about what livestock and poultry sellers and poultry growers must do to preserve their rights under the P&SP trusts:

Live Poultry Growers' and Sellers' Rights Under P&S Trust Provisions at http://archive.gipsa.usda.gov/pubs/poultry_grower_rights.pdf

Livestock Sellers' Rights Under P&S Trust Provision at http://archive.gipsa.usda.gov/pubs/livestock_seller_rights.pdf ❖

'GIPSA Q&A' continued from page 1 . . .

better protect financial institutions that lend to poultry growers, including government guaranteed loans. Simply put, this final rule provides poultry growers with more information to base business decisions about whether to accept the terms of a contract and makes them less vulnerable to take-it-or-leave-it situations.

Q. Why should a live poultry dealer have to offer a poultry grower a "true written copy" of the growing arrangement?

A. Currently, a contract is not always presented to the grower by the company until after construction of the poultry houses has started. This rule ensures that before the grower secures financing, he or she is allowed to know the specifications of the poultry barns they are being asked to build and know the terms and conditions of the poultry growing contract.

Q. Why do poultry growers need to discuss the terms of a poultry growing arrangement with a legal advisor, federal or state agency, business associate, accountant, family member, or other growers for the same live poultry dealer?

A. Until the 2002 farm bill, some contract stipulations barred growers from sharing their contracts with lawyers or even family members for advice. This rule brings this statutory requirement into the regulation, including ensuring that growers with the same live poultry dealer can also discuss terms of their poultry growing arrangements with each other or a business associate. Allowing growers to speak to other growers who have poultry growing arrangements with the same company and business associates will improve transparency and allow growers to make more informed business decisions.

Q. Why must a live poultry dealer clearly disclose in the poultry growing arrangement that a performance

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USDA FINAL RULE To Improve Transparency & Equity in Poultry Market

Agriculture Secretary Tom Vilsack announced recently that USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA) published a new rule to increase fairness and equity in the poultry industry by amending regulations under the Packers and Stockyards Act of 1921 to provide poultry growers with new information and improve transparency in poultry growing arrangements. "The Obama Administration is committed to ensuring that the marketplace for our farmers and ranchers is free from unfair and deceptive practices," said Secretary Vilsack. "This new rule will provide much-needed information and basic protections for poultry growers that will enable them to make better business decisions and safeguard their livelihood."

Under the new regulations, a poultry grower must be provided a true written copy of a poultry growing arrangement in a timely manner. The poultry growing arrangement must include information about any Performance Improvement Plans and provisions for written termination notices of the arrangement. And, notwithstanding confidentiality provisions, the rule allows growers to discuss the terms of poultry growing arrangements with designated individuals. Failure to disclose certain terms in a poultry growing arrangement constitutes an unfair, discriminatory, or deceptive practice in violation of section 202 (7 U.S.C. 192) of the Packers and Stockyards Act. The final rule is effective January 4, 2010. A copy of the rule can be found at www.gipsa.usda.gov.



Porter Says Insulation the Key to Big Savings for Growers

UPGA recently talked to a longtime member of the poultry industry who offered his take on one of the most expensive inputs growers must shoulder. Brantley Porter, president of Porter Insulation in Jefferson, Georgia says he's been insulating chicken houses for 45 years and see a crisis that many growers don't even realize exists. Porter points to the fact that most blown insulation settles and shifts in the attics of poultry houses over the years and leaves growers paying thousands of dollars extra in propane and electricity bills.

Porter claims that over the last few years, his company has been going into farms and re-insulating the attics and also installing insulation in the sidewalls. The results - especially in the ceilings - have been SHOCKING, according to Porter. He explained that a recent informal telephone survey he did with 40 grower customers that the company had done retrofit work for, verified his calculations on energy savings costs. In fact, he claims the comments were "amazing," with the vast majority of growers responding that they got their money back in 6 to 18 months! Porter invites UPGA growers to review his literature and contact the company at:

Porter Insulation Products,
P.O. Box 561 (1047 Airport Road)
Jefferson, GA 30549
Phone: 800-999-0430
Fax: 706-367-1719
Web: www.porterinsulation.com

Let Porter Insulation restore your poultry farm back to profitability.



Call Porter today at 800-999-0430

Listen to what Growers around the Southeast are saying....

"Porter came in and did a complete Energy Retrofit on all of my houses. They re-blew my ceilings, insulated my sidewalls and strapped down my curtains from the outside. The difference was astounding. I saved over 40% on propane alone and paid for the entire job in just 2 batches of chickens."

- Johnny Wright, Winder, GA

"Before Porter added the new insulation in my attics, I had hot and cold spots throughout my houses. The houses now heat and cool evenly. I typically save at least 200 gallons of gas per flock and the houses are a lot cooler in the summer."

- Joe Sims, Temple, GA

"I saved over \$10,000 in the first year after enclosing my sidewalls with fiberglass and OSB. It took me a year and a half to get my money back. I also have a much more structurally durable house than the foam would have provided."

- Greg Almond, Woodland, AL

'GIPSA Q&A' continued . . .

improvement plan exists, including the terms and guidelines of the plan?

A. Currently, it is not uncommon for live poultry dealers to unilaterally decide to place poultry growers on a performance improvement plan. Yet growers often have no idea that such a performance plan exists until the company places them on it. This rule ensures growers know up front about this potential requirement in the poultry growing arrangement.

Q. Why does a poultry grower need 90 days prior written notice of termination?

A. Currently, it is not uncommon for growers to have their contracts terminated with little or no notice. Yet, these growers have significant debt from financing their poultry houses and equipment upgrades at the behest of the company. This final rule ensures that growers have sufficient time to make needed business decisions.

Q. Does the rule affect existing contracts or only new contracts?

A. Some requirements in the new rule will affect existing contracts, while others apply only to new contracts:

The requirements in 201.100(a) and (b) apply to contract offers and therefore apply to new contract offers beginning on January 4, 2010.

The requirement in 201.100(c)(3) requires a poultry company that enters into a poultry growing arrangement furnish the grower with a true written copy that specifies information about any performance improvement plan that may exist. This requirement applies to new contracts and any existing contracts that are modified on or after January 4, 2010.

The requirement in 201.100(h), which requires 90 days notice prior to termination of a poultry growing arrangement, applies to all existing and future contracts. ❖

IN THE NEWS: AVIAN FLU

Low Path Flu Continues

The World Organization for Animal Health (OIE) recently reported another case of low-path Avian Flu (low pathogenic avian influenza (LPAI)) in Taiwan. According to the agency, the latest case of LPAI started in late January on a farm in Fang-Yuan township in Chang-hua municipality in the west of Taiwan. It was reported that only twenty of the 29,000 birds on the farm were affected. The initial outbreak did not result in the death of any birds, but did precipitate the examination of 113 additional poultry farms within a three kilometer radius of the original outbreak. USDA reports that low path Avian Flu occurs naturally in wild birds and can be spread to domestic birds. While it is rarely associated with problems and infections often show no symptoms, it does have the potential to mutate into the highly pathogenic flu variety and must be monitored. ❖