

Chicken Wire

Growers Fight for Contract Fairness in New Farm Bill

As all eyes watch the Presidential primary politics unfold, with much less fanfare a new Congress will begin anew attempts to reach a compromise on a new Farm Law. Likely to gather steam early in February, a conference committee version of the bill is hoped to retain the Senate's pro-grower livestock title. Over 200 organizations have joined together to advocate for this farm policy, which would help balance the contract relationship. The provisions below are in the Livestock Title of the Senate Farm Bill that passed on December 14, 2007.



Establish minimum standards for agricultural contracts and reasonable government oversight.

- Prohibiting of the use of forced, mandatory arbitration clauses. Many farmers and growers are forced to sign binding, mandatory arbitration clauses, as part of a take-it-or-leave-it, non-negotiable contract with a large, vertically integrated processing firm. In doing so, farmers are forced to give up their basic constitutional right to a jury trial, and instead must accept an alternative dispute resolution forum that limits their rights and is often prohibitively expensive.
- Giving the producer at least three days to review or cancel a contract.
- Prohibiting companies from requiring the producer make additional investments without being offset by reasonable additional considerations.

'Growers Fight' continued on next page

Ethanol Appetite Could Take a Bite out of Poultry Profits

The ethanol industry's demand for corn will continue to increase in 2008 contributing to higher prices for the grain. According to Chris Hurt, Purdue Extension agricultural economist, this demand, coupled excess production capacity will put the market for corn in the mid-to-high \$4 range. He further predicts this trend will remain historically high for the recently harvested 2007 crop, for the 2008 crop, and perhaps the 2009 crop.

'Ethanol Appetite' continued on page 3

The Senate Version of the new Farm Bill would put growers on more equal footing with Integrators



'Growers Fight' continued . . .

- Requiring 90-day notice for contract termination when the producer has made a capital investment of \$100,000 or more for the sole purposes of securing the contract.

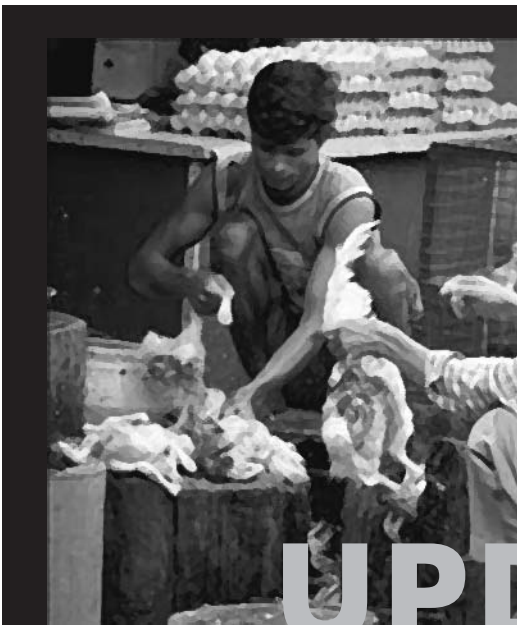
Amend the Agricultural Fair Practices Act to protect the ability of farmers to negotiate fair contracts with processors.

This provision enhances the power of producers and their cooperatives to stabilize farm income by making it an unfair practice for companies not to bargain in good faith with associations and protecting farmers who join or form producer associations.

Amend the Packers and Stockyards Act to provide enforcement authority for GIPSA over all live poultry operations.

Poultry production is almost totally contract based. Despite evidence of the contract being used as a tool to intimidate, retaliate and reduce growers' profits to poverty levels, the Grain, Inspection, Packers and Stockyards Administration (GIPSA) does not have the authority to take administrative action and protect growers by halting unfair practices or penalizing poultry companies that violate the law. The Senate Farm Bill has an amendment to the Packers and Stockyards Act providing GIPSA with the necessary enforcement authority over poultry cases, which would simply bring poultry in line with other livestock within the Packers and Stockyards Act. ❖

UPGA is a member of the Campaign for Contract Agriculture Reform. CCAR is a national alliance of organizations working to provide a voice for farmers and ranchers involved in contract agriculture, as well as the communities in which they live. The goal of the campaign is to assure that the processor-producer relationship serves as a fair partnership.



Another Outbreak of Bird Flu in India

KOLKATA, India (AFP) - Authorities in India have confirmed an outbreak of bird flu. This news comes in the wake of the death of thousands of chickens in the past week. The poultry affected by the bird flu were found in the eastern state of West Bengal.

"The samples sent to the laboratory have tested positive for bird flu. It is the H5N1 strain," said agriculture ministry spokesman Manoj Pandey.

It is the country's third outbreak since 2006, but the first since Indian officials declared the country free of the disease last November. "Blood samples of the dead chickens in the village tested positive," said West Bengal's minister for animal resources development, Anisur Rahaman.

"Health officials have been asked to launch a campaign over public address systems and distribute leaflets," he said, adding that "panic has gripped the village."

UPDATE: H5N1

International Poultry Expo

Georgia World Congress Center
January 23-25, 2008

The 2008 International Poultry Expo will be held January 23-25 in Atlanta, Georgia. This is the largest trade show directed exclusively to the poultry and feed industries in the world. 865 exhibitors are expected to fill the 16 acre display area. Every aspect of the poultry industry will be represented.

SCHEDULE OF EVENTS / INFORMATION SESSIONS

Tuesday Jan 22

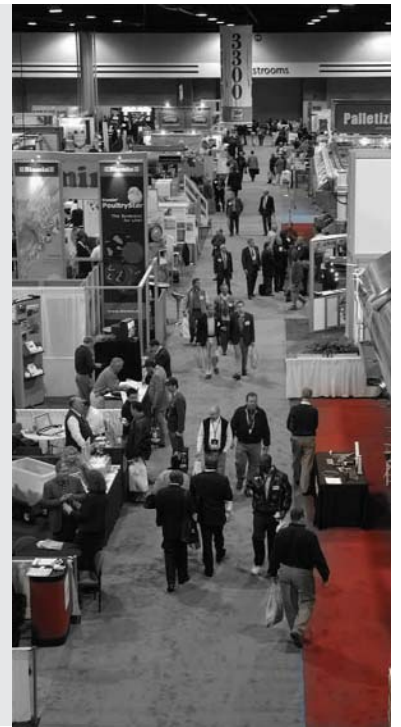
- *Pet Food Ingredient Quality Conference*
- *Early Registration*

Wednesday Jan 23

- *Global Market-Supply and Demand*
- *Poultry Production Costs-Feed and Fuel Forecasts*
- *Immigration Impact on Labor Availability*

Thursday Jan 24

- *Risk Based Inspection and Food Safety Regulations*
- *Regulation Speakers will address the subject from a USDA perspective*



'Ethanol Appetite' continued . . .

Plants under construction in South Georgia, including one in Mitchell County near the Equity Group poultry production complex and another coming on line in Turner County a year later will add to the current 7.3 billion gallons of annual ethanol production in the United States.

Economists including Hurt believe this will lead to annual corn production increases to 4 billion bushels by July of 2008 in order to meet ethanol plant capacity. He believes that other crops will also be competing for corn acreage in 2008 due to short world supplies.

"All major crops are in short supply in the world, and some will outbid corn for acreage," Hurt explained. "The shortest of the major crops are wheat and soybeans, and the prices are expected to drive acres away from corn in 2008. "Assuming a 6 percent decline in 2008 acres, U.S. production would drop to 12.4 billion bushels with a usage base at about 13.3 billion. This means there will be a need to ration the small crop with high prices." He predicts it will not be until 2009 when corn production may be able to meet the demand.

It is not known how these competing demands will impact corn needs for poultry production but this "fuel-food equation" will certainly be on the minds of industry leaders already struggling with high input costs for fuel and water. ❖

'President's Message' continued . . .

Back in DC, pro grower forces are continuing efforts to promote a conference committee version of the new Farm Bill. Such a bill must provide for minimum standards for agricultural contracts and reasonable government oversight. UPGA believes any new farm law should ban the use of binding, mandatory arbitration clauses in contracts, and provide for a reasonable amount of time to review or cancel a contract. In addition, new policies should be included in the live-stock title to prohibit companies from requiring growers to make additional investments without a reasonable chance for recapturing those investments

Growers are encouraged to let their elected officials know our views, both in the State House and in Congress, on these important issues. Together we can ensure that our industry remains vibrant and we all have an opportunity for success in the new year.

Sincerely,
Lucius Adkins
President, United Poultry Growers Association



Message from UPGA President Lucius Adkins

Here we go again! Two thousand and eight is here, and with it a new session of both the Georgia General Assembly and the Congress means there could be much in store for growers. With presidential hopefuls descending on Georgia before the February 5th Presidential Primary, its important growers remember that there remains tough work ahead during Farm Bill negotiations in Washington D.C. Likewise, under the Gold Dome in Atlanta lawmakers will grapple with a Statewide Water plan, property tax reform and other issues that could help or hinder farming and the agribusiness sector.

On that front, UPGA's top priority will be watching new mandates, like some water conservation measures being proposed. While the farm side has so far been exempt from water use cut backs, this has not been the

case at the processing level. We should be vigilant in monitoring what kind of potential burdens new water policies might put on our corporate partners because these new costs could ripple through the whole system and hurt all segments. Cleaning thousands of chickens a day takes a lot of water and according to Athens-Clarke County, that community's two poultry plants used a combined 68 million gallons of water in October. While that sounds like a lot, it is just a necessary part of doing business to provide a safe, abundant and high quality supply of poultry products to the American consumer. Poultry processors are already among the most efficient water users. Water is an expensive production input and therefore it is in a processors best interest to use only the amount necessary – just like on the farm. Forcing more reductions can be the most expensive for those that already practice conservation, because the 'low-hanging fruit' has already been captured. New conservation mandates can in effect disproportionately penalize those who have already made expensive investments to reduce use. We have to ensure that any new state water policies considered do not jeopardize our opportunities for economic vitality. *'President's Message' continued on page 3*



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