

Chicken Wire

USDA Proposes Rule to Increase Fairness in the Marketing of Livestock & Poultry

WASHINGTON - Agriculture Secretary Tom Vilsack has announced proposed new rules to provide significant new protections for producers against unfair, fraudulent or retaliatory practices. In a June 22, 2010 publication by USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA), the new rule was developed at the direction of the 2008 farm bill, which requires USDA to carry out specific rulemaking to improve fairness in the marketing of livestock and poultry.

During farm bill discussions in 2007, over 200 organizations across the country, including UPGA and Georgia Farm Bureau urged Congress to include a livestock title to improve market fairness and competition for producers. Additionally, USDA identified other areas where new rulemaking is needed to ensure the marketplace is fair and competitive for producers.

Secretary Vilsack stated, "Concerns about a lack of fairness and commonsense treatment for livestock and poultry producers have gone unaddressed far too long." "This proposed rule will help ensure a level playing field for producers by providing additional protections against unfair practices and addressing new market conditions not covered by existing rules." *Cont. on pg 3*



Agriculture Secretary Tom Vilsack proposed a rule at the direction of the 2008 Farm Bill which will require USDA to carry out specific rulemaking to improve fairness in the marketing of livestock and poultry.



Please make a note!

2010 UPGA Annual Meeting Announced

Wednesday, October 27, 2010
2410 Westgate Blvd, Suite 101
Albany, GA 31707
Phone: 229.420.4863

One Board member position, grower Mark Glass, has been nominated to be re-elected to an expiring 3-year term.

Ag Disaster Assistance Still in Limbo



Senate Ag Chair Blanche Lincoln

At press time, with Congress taking off for the July 4th holiday, Georgia's delegation that worked so hard to help pass an agricultural disaster relief bill, were still optimistic it would survive heavy partisan bickering that has held the bill hostage for months. The proposed measure includes a provision to help poultry growers. Senate Ag Chair Blanche Lincoln (D-AR) says it would provide \$75 million in emergency loans to poultry producers who suffered financial losses due to a bankruptcy of a poultry integrator (Pilgrim's Pride).

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PILGRIM'S PRIDE Announces Reopening of Douglas Facility

DOUGLAS, GA - Growers all over Southeast Georgia may have been given a big reprieve with the recent announcement of the reactivation of a mothballed plant in Douglas, Georgia. The Pilgrim's Pride plant had been shut down in 2009, leaving growers and the local community without its largest private employer. This was a devastating situation for the 40,000 citizens of Coffee County and surrounding communities, skyrocketing unemployment figures to 18 percent.

In a late May announcement, Pilgrim's Pride said it had decided to reopen its chicken processing plant by January 2011. The closure a year earlier had put 900 workers in the unemployment line and led to a total loss of some 4000 jobs in the area. UPGA, local and state officials had worked diligently to try to mitigate the situation to no avail. At least 150 growers were out of business.

Cont. on pg 2

Senators Praise the Lifting of Russian Ban on U.S. Poultry Imports

Washington - An effort by some 25 U.S. Senators, led by Senate Agriculture Committee Chairman Blanche Lincoln, (D-Ark.), and Ranking Member Saxby Chambliss, (R-Ga.) has resulted in a breakthrough accord which ends a six month long Russian ban on imports of poultry rinsed in chlorinated water. The late June agreement was the result of negotiations between President Barack Obama and Russian President Dmitry Medvedev. New requirements for disinfectant and pathogen removal by the United States will likely be required under the agreement. In a release, Chairman Lincoln said "I want to thank President Obama for addressing the concerns I raised to him in my letter and I am very pleased that the issues that have kept U.S. poultry exports out of the Russian market since the first of the year were resolved. The Russian market is worth \$100 million annually to Arkansas producers and this decision will help preserve the 89,000 poultry jobs that are critical to Arkansas's economy," Lincoln said. "I thank President Obama, U.S. Trade Representative Kirk and Secretary of Agriculture Vilsack for their tireless efforts on this issue and hope that the details of this agreement can be quickly implemented so that U.S. poultry shipments to Russia can resume as soon as possible."



Senator Saxby Chambliss (R-Ga)



Russian President Dmitry Medvedev



Russia's commitment to resume trade is a welcome development and good news for poultry farmers in Georgia. It is my hope that future disruptions can be avoided...

- Senator Saxby Chambliss (R-GA)



U.S. Senator Saxby Chambliss, Ranking Member of the Senate Agriculture Committee said, "Russia's commitment to resume trade is a welcome development and good news for poultry farmers in Georgia. It is my hope future disruptions can be avoided thereby removing unnecessary irritants to U.S.-Russia relations. In the future, Congress will be closely monitoring this agreement to ensure both sides adhere to science based standards. I commend the efforts of President Obama, U.S. Trade Ambassador Kirk and Secretary of Agriculture Vilsack for their tireless efforts on behalf of the poultry industry and their commitment to U.S. agriculture." ❖

'Pilgrim's Pride' continued from pg 1 . . .

Longtime UPGA member and former director, Walt Dockery, was among the growers affected and was obviously pleased at the announcement. "This is a huge development for hundreds of farm families and we are very excited," he said. Rep. Chuck Sims (R-Ambrose) reiterated the feeling saying, "We are thankful and overjoyed for the reopening in January". "We wish it would be even sooner, but we understand they have to get biddies and reestablish breeding stock."

Pilgrim's Pride credits improved first quarter earnings for its decision to revive operations in Douglas. ❖



Pilgrim's Pride CEO, Don Jackson, takes the podium to announce the news about reviving operations.



Chickens walk the red carpet to celebrate the revived operations of the Douglas Pilgrim's Pride plant.

'USDA Proposes Rule' continued from pg 1 . . .

USDA noted in its release that in the poultry industry today, a grower makes 34 cents per bird, while the processing company on average makes \$3.23 a bird. The proposed rule would provide the following protections:

- ❖ **Provide further definition to practices that are unfair, unjustly discriminatory or deceptive, including outlining actions that are retaliatory in nature, efforts that would limit a producer's legal rights, or representations that would be fraudulent or misleading. Additionally, the proposed rule reiterates USDA's position that a producer need not overcome unnecessary obstacles and have to always prove a harm to competition when they have suffered a violation under the Act;**
- ❖ **Define undue or unreasonable preferences or advantages;**
- ❖ **Establish new protections for producers required to provide expensive capital upgrades to their growing facilities, including protections to ensure producers have the opportunity to recoup 80 percent of the cost of a required capital investment;**
- ❖ **Prohibit packers from purchasing, acquiring or receiving livestock from other packers, and communicate prices to competitors;**
- ❖ **Enable a fair and equitable process for producers that choose to use arbitration to remedy a dispute. Additionally, clear and conspicuous print in the contract will be required to ensure producers are provided the option to decline the use of arbitration to settle a dispute.**
- ❖ **Require that companies paying growers under a tournament system provide the same base pay to growers that raise the same type and kind of poultry, including ensuring that the growers pay cannot go below the base pay amount;**
- ❖ **Provide poultry growers with a written notice of a company's intent to suspend the delivery of birds under a poultry growing arrangement at least 90 days prior to the date it intends to suspend the delivery;**
- ❖ **Improve market transparency by making sample contracts (except for trade secrets or other confidential information) be made available on GIPSA's website for producers;**
- ❖ **Outline protections so that producers can remedy a breach of contract;**
- ❖ **Improve competition in markets by limiting exclusive arrangements between packers and dealers.**

UPGA encourages poultry growers to express any concerns they have regarding the proposed rule by sending comments via email to: comments.gipsa@usda.gov. Comments may also be sent by mail to Tess Butler, GIPSA, USDA, 1400 Independence Avenue, SW, Room 1643-S, Washington, D.C. 20250-3604. The proposed rule is published in the June 22, 2010, Federal Register. GIPSA will consider comments received by August 23, 2010. Copies of the proposed rule and additional information can be found at: <http://www.gipsa.usda.gov> by clicking on Federal Register. (Source - USDA) ❖



Center stage at the event to
ounce Pilgrim's Pride reopening
of the Douglas plant.



Georgia Governor Sonny Perdue
arrives on the red carpet at the
Douglas event.

'Ag Disaster Assistance' continued from pg 1 . . .

Producers who did not have their poultry contract renewed are eligible for a 2-year interest free loan from the Farm Service Agency (FSA) of USDA. At the end of 2 years, the loan may be converted to an interest-bearing loan with FSA. Introduced as a stand alone measure (HR 4213) to authorize \$1.523 billion in assistance for 2009 losses for crops, livestock, sugar, aquaculture, cotton, specialty crops and poultry, the bill ended up amended on to another \$200 billion measure. That legislation was held up due to partisan wrangling over costs and rising federal budget deficits and had included such things as enhancements to physician reimbursements, increased payments to states for Medicaid, unemployment insurance benefit extensions and other politically charged tax provisions. ❖



Message from UPGA President Lucius Adkins

The USDA is to be commended for recognizing what poultry growers have known for a long time...that big, vertically-integrated corporations dominate the business and hold growers in a lopsided and sometimes perilous financial position.

A farmer is merely a cog in the integrators machine. He provides only labor and is at the mercy of the processing company in terms of the quality of inputs he receives. From medicine, to breeding stock, to feed, the grower has no management control, all is owned by the company. Yet that same farmer is pitted against other growers for his pay, while the company controls the whole equation. This makes some growers lose, while the company reaps the benefit of paying less for the farmer's birds that didn't win the growout competition.

This concentration in the power of one party over the other, can lead to potentially anticompetitive conduct. What's worse, growers have virtually no recourse and one that complains may find his situation worsen. A chicken house without any birds to

growout, spells one broke farmer. The economic repercussions also mean the banker that loaned the farmer the capital to build that house may now find himself with an asset that just won't produce.

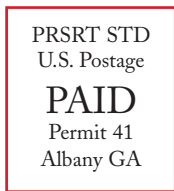
The Georgia General Assembly recognized some of these inequities back in 2004. They enacted some changes to poultry contract law then to at least allow us to see our birds weighed and to give us a few days to review a contract. But make no mistake, poultry companies still hold almost all the cards. We applaud USDA for examining this very real problem with the poultry marketplace.

(This article by UPGA president Lucius Adkins was submitted as an Op-ed column to the Atlanta Journal Constitution Business section on June 29, 2010.)

Sincerely,
Lucius Adkins
President, United Poultry Growers Association



P.O. Box 70967
Albany, Georgia 31708



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