

67. LIVESTOCK PRICING AND MARKETING

We support:

1. Legislation, on a state and national basis, establishing the Grain Inspection Packers and Stockyards Administration (GIPSA) as the overall authority and provider of oversight to ensure livestock contracts are clearly-written, confidentiality concerns are addressed, investments are protected, and contractors honor the terms of contracts.
2. Providing GIPSA with the authority to enforce contract standards that enhance price transparency and price discovery with livestock contracts.
3. Including monthly slaughter capacity reporting in mandatory price reporting by packers.
4. GIPSA be provided enforcement authority to ensure that all instruments used in quantifying quality factors for value determination for livestock are performing to a set standard.
5. The inclusion of time and date stamp for reporting prices of livestock.
6. The United States Department of Agriculture (USDA) and industry representatives examining the practicality of an industry wide, uniform grading system for pork that includes a quality grade.
7. The development and implementation of value-based marketing systems which convey the value of product quality from the retail market to the farm.
8. Farmers fully understanding the risks involved with using but not participating in a market to set a price.
9. Cooperating with the USDA, livestock groups, and university researchers to develop and utilize alternative price discovery methods.
10. Illinois Department of Agriculture seeking the most efficient method for sale barns to report prices for distribution to farmers.
11. Working with the CME Group, other industry groups, and livestock packers to develop a market mechanism that allows for improved forward pricing contracts and flexible pricing opportunities for farmers.
12. The CME Group and the Commodities Futures Trading Commission (CFTC) recognizing packing plants as delivery points to fulfill livestock contracts, resulting in means to bring convergence between the cash and futures market at expiration of the contract.
13. The Illinois Livestock Development Group working with livestock packers in order to facilitate the expansion of livestock buying stations in Illinois.
14. All efforts to improve the livestock price reporting system.
15. All reporting system changes that will generate reported market prices calculated on premium prices paid as well as price lows in the quality range.
16. Livestock packers securing at least 20 percent of their purchases from the cash market.
17. Additional funding from USDA needed to enable GIPSA to conduct these activities.

If a packer is offering a contract that is based upon a cash market, the packer needs to participate in this market and help set a price.

It is imperative that GIPSA has the oversight on mandatory price reporting – not Agricultural Marketing Service (AMS).