



April 28, 2022

Sent Via Email to [Wash.LPGMN@usda.gov](mailto:Wash.LPGMN@usda.gov)

To Whom It May Concern:

I write to provide feedback on the Cattle Contract Library pilot project on behalf of the Livestock Marketing Association (LMA). LMA is the national trade association for livestock marketing businesses, representing more than 80 percent of regularly selling livestock auction markets in the United States.

LMA joins the numerous cattle industry organizations in our support for the creation of a Cattle Contract Library sharing the details of agreements between packers and their feedyard suppliers, while maintaining appropriate confidentiality by not tying contracts to any one entity. We appreciate that this Cattle Contract Library would not limit the types of deals packers can make with feedyards. Rather, it would provide more information about existing deals to the public. We believe seeing the agreements offered to other feedyards would provide feeders, especially smaller and independent feeders, potential ideas and additional leverage when negotiating their own contracts.

Additionally, LMA is supportive of the U.S. Department of Agriculture (USDA) Livestock, Poultry, and Grain Market News (LPGMN) Division being the entity tapped with developing and hosting this Cattle Contract Library. The LPGMN staff has a proven track record of collecting and disseminating important livestock industry market information.

Section 779 of Consolidated Appropriations Act of 2022 directed AMS to create a Cattle Contracts Library Pilot Program similar to the Swine Contract Library the U.S. Department of Agriculture currently maintains pursuant to section 22 of the Packers and Stockyards Act. This Swine Contract Library summarizes individual contracts, including base price determination and premiums and discounts. It is clear the intent of Congress is for the Cattle Contract Library to similarly summarize terms by contract. In the creation of this pilot, USDA can also be informed by H.R. 5609, the Cattle Contract Library Act of 2021, which passed the House of Representatives this Congress and outlines information to be included in a Cattle Contract Library.

A few key elements USDA should keep in mind while developing this Cattle Contract Library pilot are (1) ease of use, (2) providing the most complete contract information possible, and (3) providing volume reports that are meaningful.

#### **1. Ease of Use**

LMA encourages a Cattle Contract Library be placed online in a manner that is easily accessed by members of the industry and public. Unlike the existing swine contract library, LMA recommends schedules referenced in summary contracts be incorporated into the contract summary report, or, at a minimum, be available through clickable links rather than requiring the access and searching of a second report to find schedules of premiums and discounts. If possible, the site for accessing the information should also be searchable and mobile device friendly.



## 2. Complete Information

Contracts should be required to be shared by packers to USDA as soon as they are offered. Also, it is of utmost importance that offered contracts be shared regardless of whether they are reduced to writing. Contracts are legally binding regardless of if they are written, and it would be poor public policy to drive packers away from offering terms in writing in an attempt to avoid disclosure for the purpose of Cattle Contract Library.

USDA should then summarize each individual contract in a way that clearly lists how base price is determined and any schedules of premiums and discounts that are later applied to this base price to arrive at the net price.

Any other terms that effect price should also be summarized within the contract summary. In particular, information on who pays transportation cost is financial in nature and should be included with the main contract summary rather than a separate “other provisions” report as is the case with the swine contract library. In some cases, there may be additional information about the totality of the relationship between the packer and feeder that effects the terms of specific contracts. If there is a financing, risk-sharing arrangement, or other financial bonus between the packer and feeder, this is likely to adjust the individual contract terms. For example, a feeder may be willing to sell cattle at a lower price if being financed by a packer at a favorable rate or able to share in the profits of the packing entity on an annual basis.

The library should distinguish between contracts offered but not executed, currently in force contracts, and inactive contracts that are no longer offered or in use. These inactive contracts should be kept in the library for a period of time to allow the historic information to be retained.

## 3. Volume Information

In addition to sharing offered contracts, USDA should provide a monthly summary report of estimated deliveries. To accomplish this, packers should also submit a monthly report including the projected number of cattle committed and the maximum number of cattle it expects to receive over defined periods of time by contract type.

USDA should go through an extensive discovery process to determine how to best provide the cattle industry anticipated volume information. The regularity of open commitment contracts may require estimates to be provided for expected volume to fall under a given contract in order to report meaningful data on expected number of cattle to be delivered with certain time periods. If estimates are provided, measures should be in place to ensure these numbers do not vary too greatly from actual deliveries.

We would be happy to discuss additional details regarding Cattle Contract Library and how to make this tool as useful as possible. Please contact Chelsea Good, LMA Vice President of Government and Industry Affairs, at [cgood@lmaweb.com](mailto:cgood@lmaweb.com) or 816-305-9540 if additional feedback is desired.

Sincerely,  
Larry Schnell, President  
Livestock Marketing Association