



Iowa
Cattlemen's
Association

April 28, 2022

Mr. Bruce Summers, Administrator
Agricultural Marketing Service
U.S. Department of Agriculture
1400 Independence Ave SW
Washington, DC 20250

Responding to a Notice to Trade dated April 11, 2022, entitled "USDA to Host Listening Session on Cattle Contracts Library Pilot Program Development"

Submitted to: Wash.LPGMN@usda.gov

Re: Cattle Contracts Library Pilot Program

Dear Administrator Summers:

The Iowa Cattlemen's Association (ICA) is a grassroots organization representing nearly 8,000 cattle producers and businesses affiliated with the cattle industry. We appreciate the opportunity to provide stakeholder feedback to the Agricultural Marketing Service regarding the development of a Cattle Contracts Library Pilot Program.

Background

In February 2020, ICA worked with other state affiliates to encourage the National Cattlemen's Beef Association (NCBA) to support initiatives to increase transparency of formula contracts and require the U.S. Department of Agriculture (USDA) to publicly report details, including the net price, base price, and any premiums. This ultimately resulted in the development of NCBA policy advocating for the establishment of a library or catalog of the types of contracts and details offered by packers to producers. It is also worth noting that ICA supports current legislative efforts to establish and maintain a library of cattle contracts.

Information Reported in the Library

The Cattle Contracts Library should contain the following details of individual contracts, categorized by reporting region:

1. Base price;
2. Premiums;
3. Discounts; and
4. Net price and any factors that impact net price, such as freight cost.

In an effort to facilitate as much transparency as possible, we ask for individual contracts to be listed. The library shall include the duration of each contract and any schedules of premiums and discounts. Contracts no longer offered shall be separately listed within the library and clearly labeled as "inactive."

We also request that non-value contracts (e.g. turn-in cattle, top-of-market trades, weighted average-plus) be separated from premium contracts. While non-value contracts may be important to some producers in terms of inventory management, they do not contribute to price discovery.

Furthermore, the library shall contain regional reports of the following:

1. The total number of cattle committed to packers each week within six-month and twelve-month time periods;
2. The percentage of cattle each week that may vary for delivery or non-delivery at the discretion of the packer; and
3. Contracts available for open commitment with corresponding volumes.

Confidentiality

We understand the challenges related to confidentiality guidelines and the need to protect proprietary business information. However, we implore USDA to identify opportunities that would allow for as much information to be reported as possible. This may be a change to confidentiality guidelines, adjusting reporting regions, or organizing data in a manner that permits more market information to be shared with the public.

User Interface: Functionality is Important

We ask that USDA create a searchable library, divided not only by types of contracts, but also regions and premium/discount specifications. The ability for users to filter attributes (region, premiums/discounts, type of contract, etc.) to sort through the contracts would be valuable.

If this pilot program becomes permanent, we ask USDA to make this library mobile-friendly like other reports offered in the USDA Market News app.

Additional Requests

We ask that USDA make every effort to ensure this library is organized in a manner that makes the information easy for producers to understand and navigate. Additionally, USDA should provide as much educational outreach to producers about the pilot program as possible.

To provide an additional opportunity for stakeholder feedback, we ask USDA to convene a hybrid, public meeting in April 2023. This meeting will allow for any necessary changes to be suggested by stakeholders and implemented by USDA in advance of the September 30 deadline.

Conclusion

According to USDA, "Livestock Mandatory Reporting was developed to facilitate open, transparent price discovery and provide all market participants, both large and small, with comparable levels of market information for slaughter cattle, swine, sheep, boxed beef, lamb meat, and wholesale pork." We have no concerns with the release of a Cattle Contracts Library, and believe USDA should work to provide as much market information as possible to ensure all market participants are aware of the formula contracts offered and utilized within each reporting region.

Thank you for the opportunity to submit feedback on behalf of the Iowa Cattlemen's Association. Questions related to the Cattle Contracts Library Pilot Program may be directed to Cora Fox, director of government relations, at (515) 296-2266 or at cora@iacattlemen.org.

Respectfully,



Bob Noble
President, Iowa Cattlemen's Association