

Agricultural Marketing Service



Swine Contract Library

Overview

The Livestock Mandatory Reporting Act requires that AMS establish and maintain a library of swine marketing contracts. The amended [Packers and Stockyards Act](#) requires the Secretary of Agriculture to establish and maintain a library or catalog of the types of contracts offered by packers to swine producers for the purchase of swine (including swine purchased for future delivery). Congress intended the Swine Contract Library (SCL) to aid in the price discovery process and provide equal access to market information for all market participants. The SCL uses a web-based system to facilitate secure real-time data input from swine packers and data access by the public.

The SCL regulation requires large packers to file swine marketing or purchase contracts (written and verbal) and monthly reports about expected swine deliveries under contract. The SCL includes information from swine packers that 1) purchase at least 100,000 swine per year and slaughter swine at federally inspected swine processing plants that slaughter at least 100,000 swine per year for the immediately preceding five years, or have the capacity to slaughter at least 100,000 per year; or 2) purchase an average of at least 200,000 sows, boars, or any combination thereof, per year and slaughter at least 200,000 sows, boars, or any combination thereof at one or more federally inspected swine processing plants during the immediately preceding five calendar years, with the average based on those periods in which the plants slaughtered swine.

The Packers and Stockyards Division (PSD) receives example contracts from packers and extracts the payment provisions unique to each contract. PSD releases the different payment provisions from submitted example contracts, by region and contract type, on its website. PSD also extracts other contract provisions and provides as much of this information as possible under the law's confidentiality requirements. Producers have the ability to see contract terms including base price determination formulas, carcass merit premium/discount schedules, and non-carcass premiums/discounts. Information regarding packers' expected contract purchases is also posted. The SCL does not include information on swine production contracts.



The library contains information for about 55 plants. Approximately 33 packers own or use these plants. We expect the overall number of plants and firms to remain relatively constant. However, the specific firms required to report will vary. These variations will depend on consolidation and construction in the industry. These firms account for approximately 95 percent of the U.S. federally inspected swine slaughter.

Swine Contract Library Reports

Information released by the SCL is provided in a Contract Summary Report and a Monthly Report.

Contract Summary Reports

Contract Summary Reports provide information on the various terms and provisions from the marketing contracts. This information includes: the determination of base price and how base price is set; the premium and discount adjustments to the base price as determined by both carcass and non-carcass traits; application of ledger

where terms define the use of ledger or accrual accounts; and all other remaining terms and provisions from the contracts.

Monthly Reports

Monthly Reports provide packers' estimated swine purchases under marketing contracts for the next 6 and 12 months.

The SCL reports are organized and released by contract type and region. There are three contract types:

- Swine or pork market formula, is a formula price based on a market for swine, pork, or pork product (other than a futures market contract),
- Other market formula, is a formula price based on any market other than the markets for swine, pork, or a pork product (e.g. futures contract)
- Other purchase arrangement, occurs when a swine or pork market formula or other market formula is not used (e.g. a fixed priced contract, cost of production contracts, or formula

purchases with a floor, window or ceiling price).

The SCL has five reporting regions:

- Iowa/Minnesota (Iowa, Minnesota),
- Eastern Cornbelt (States east of the Mississippi River),
- Western Cornbelt (South Dakota, Nebraska, Kansas, Missouri, Iowa, Minnesota),
- Western United States (Western Cornbelt and states west of the Mississippi River),
- National (All states and regions).

PSD releases reports if the information is from three or more firms, and no single firm has a significant market share in the reporting region. However, PSD will not release confidential or proprietary information or identify the parties to the contract.

Swine Contract Library Web Site and Contact Information:

Public Web Site:

www.gipsa.usda.gov/psp/scl.aspx

Submission Web Site:

<https://scl.gipsa.usda.gov>

Email:

PSDSwineContractLibrary@ams.usda.gov

Phone: 515-323-2579

Mail: USDA, AMS, FTTP, PSD

210 Walnut St, Rm 317

Des Moines, IA 50309