Swine Contract Library (SCL)

Overview

Swine Contract Library Information | Agricultural Marketing Service (usda.gov)
Background

  - Congress intended for the SCL to aid in price discovery

- SCL First published in August 2003
Who provides swine contract information?

- Approximately 83 packers and 61 plants
- Packers purchasing at least 200,000 and also slaughtered at least 200,000

Swine Contracts

- Purchase at least 100,000 head of swine per year and slaughter the swine at a federally inspected swine processing plant at which you:
  - Slaughtered an average of at least 100,000 head of swine per year; or
  - Have the capacity to slaughter at least 100,000 swine per year, based on plant capacity information.
What information from the SCL is available to the public?

- Published on the SCL Web Site

- Contract Summary reports

- Monthly reports
The SCL has five reporting regions

- Iowa/Minnesota
- Eastern Cornbelt
- Western Cornbelt
- Western United States
- National
Release of Information / Confidentiality

- Section 222(C) of the Act (7 U.S.C 198 a(c)) addresses confidentiality.

  - “The reporting requirements under subsections (a) and (b) shall be subject to the confidentiality protections provided under section 251 of the Agricultural Marketing Act of 1946 [7 U.S.C. 1636]”

  - (a)CONFIDENTIALITY The Secretary shall make available to the public information, statistics, and documents obtained from, or submitted by, packers, retail entities, and other persons under this subchapter in a manner that ensures that confidentiality is preserved regarding—

    - (1) the identity of persons, including parties to a contract; and
    - (2) proprietary business information.
Monthly Report Submission

- 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
  - Other Market formula
  - Other purchase arrangement
What existing or available contracts are provided?

- Subject Packers must provide an example of each contract
  - available at each plant that you operate, or
  - available at each plant where you have swine slaughtered.

- Criteria for distinguishing example contracts
  - Base price determination
  - Application of ledger or accrual account
  - Carcass merit premium or discount schedule
  - Use of non-carcass merit premiums or discounts.
How does information from the SCL help producers?

- Producers use the library to investigate what contract terms packers offer.
- A producer could identify contract provisions of interest.
- A producer could use that knowledge to negotiate what may result in a more favorable contract with a packer.
What the SCL Doesn’t Do

- Publish full verbatim contracts, whether redacted or unredacted.

- “Other Provisions” are not necessarily verbatim. Rather, any terms or wording that potentially identifies a party to the contract are replaced with more generic terms.

- Publish volume information associated with each contract, price formula, or contract terms.
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Thank you!

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