

CAMPAIGN FOR CONTRACT AGRICULTURE REFORM
a voice for contract farmers, ranchers and their communities

NEWS RELEASE

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RULES WOULD LEVEL PLAYING FIELD FOR CONTRACT POULTRY FARMERS

WASHINGTON, D.C. - The United States Department of Agriculture Office of Grain Inspection, Packers and Stockyards issued proposed rules today that increase fairness for poultry farmers and protect competition in poultry markets. The rules enact key 2008 Farm Bill reforms.

“These new rules will help greatly to level the playing field for contract poultry growers,” said Mickey Box, a Berryville, Ark., poultry grower. “For too long, the chicken companies have been able to force farmers to sign unfair contracts that make it nearly impossible for us to make ends meet.”

Contract poultry growers own their land and their chicken houses. Each house can cost up to \$300,000 to build, and most farms have more than one house. The company owns the chickens, feed, and processing plants.

The proposed rule would prevent growers from being forced to make expensive upgrades on their poultry houses without adequate protections to safeguard their investments.

Currently, companies can require farmers to pay for expensive upgrades, even when the costs outweigh the potential profit. In the past, farmers have lost their contracts with little or no warning when they refused to pay for upgrades.

Another key proposed rule would strengthen contract growers’ right to opt out of binding arbitration provisions in their contracts. The 2008 Farm Bill gave growers this right immediately. The proposed rules require poultry contracts to explain how arbitration differs from normal court action.

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The rules also address new actions by some poultry companies to force growers to give up other legal rights, such as the right to a jury trial in the case of a future dispute.

“Now that I can’t be forced to give up my legal rights to defend myself in court against abusive practices, my poultry company is treating me with a bit more respect.” said Garry Staples, Vice President of Alabama Contract Poultry Growers Association.

“The combined effect of all of these proposed rules should make a real difference,” Staples said.

Today’s proposed rules would require notice of at least 90 days before a company halts chick deliveries to a farm and would require companies to inform growers when delivery of the chicks will resume. They would also limit companies’ ability to cancel contracts when growers have made major investments for purposes of the contract.

“As long as the companies can just arbitrarily cut off deliveries of birds to contract growers, or to cancel growers’ contracts at any time, we will be at the mercy of the companies’ whims,” said Mike Weaver, President of Contract Poultry Growers Association of the Virginias.

“The rules provide some balance and fairness so that growers aren’t always worried that the company will yank away their livelihoods without any notice or just cause,” Weaver said.

In addition to the poultry provisions, the rules also take more modest, but important steps to address anti-competitive practices in the beef and hog sectors.

Farmers, concerned consumers and others will have two months to comment on these rules and can the Rural Advancement Foundation International – USA at (919) 621-8453 for information. The proposed rules and comment submission guidelines are at www.gipsa.usda.gov.

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The Campaign for Contract Agriculture Reform is a national alliance of organizations working to provide a voice for farmers and ranchers involved in contract agriculture, as well as the communities in which they live. Members include the Alabama Contract Poultry Growers Association, Contract Poultry Growers Association of the Virginias, Food & Water Watch, Mississippi Agriculture Producers Association, National Farmers Union, National Sustainable Agriculture Coalition, North Carolina Contract Poultry Growers Association, Organization of Competitive Markets, Rural Advancement Foundation International-USA, and Southeast Asian American Farmers Association.