

CAMPAIGN FOR CONTRACT AGRICULTURE REFORM

a voice for contract farmers, ranchers and their communities

Why Amendments to the Packers and Stockyards Act are Important

- **USDA would be granted administrative authority to stop unfair practices in the poultry industry that matches its authority in the beef and pork industries.**

The present Packers and Stockyards Act (P&SA) makes it unlawful for a livestock packer or live poultry dealer "to engage in or use any unfair, unjustly discriminatory or deceptive practice or device, or to give any unreasonable advantage to any particular person or locality."

However, USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA) has no general authority to stop the unfair practices nor penalize poultry dealers.

When violations of the P&SA are discovered in the *livestock* industry, GIPSA has the authority to take administrative actions, including holding hearings and assessing civil and criminal penalties. When violations of the Act are discovered in the *poultry* industry, GIPSA can only issue an order to cease illegal conduct. After an investigation, GIPSA can send a complaint to the Justice Department for prosecution but such individual poultry cases are not likely to be considered a national priority. From the poultry company's perspective, breaking the law and increasing company profits through fraudulent or deceptive practices carries little financial or legal risk.

The Livestock Title in the Senate Farm Bill will amend the P&SA to grant USDA the same administrative enforcement authority over poultry as it has over livestock.

- **Packers and Stockyards protection would be extended to all poultry farmers, not just those who raise the broilers.**

The definition of a "poultry grower" in the present Packers and Stockyards Act (P&SA) is "any person engaged in the business of raising and caring for live poultry *for slaughter* by another..." This definition has been interpreted to mean that the Act applies only to broiler growers because the birds they care for go directly to a processing plant. The P&SA has been interpreted as not applying to breeder hen or pullet operations.*

The Livestock Title in the Senate Farm Bill will amend the P&SA by deleting references to "slaughter," so that pullet and breeder hen growers are clearly covered. The amended definition accurately reflects the integrated nature of the modern poultry industry where the total supply line for a processing plant - including pullet, breeder, and broiler farms - is tightly controlled by one company.

Passage of the Livestock Title in the Senate Farm Bill and a strong commitment within GIPSA to enforce the P&SA will help insure fair treatment of all contract poultry farmers.

* Pullets are hens not yet mature enough to lay viable eggs. After pullets reach laying age, they are moved from the pullet farm to a breeder farm. At the breeder farm, hens produce eggs that are collected and trucked to the hatchery. Once the eggs hatch, the chicks are delivered to a broiler farm where they are raised to market weight.

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