

Campaign for Contract Agriculture Reform, Farm and Ranch Freedom Alliance, Food & Water Watch, Land Stewardship Project, Institute for Agriculture and Trade Policy, Iowa Citizens for Community Improvement, Missouri Rural Crisis Center, National Family Farm Coalition, Organization of Competitive Markets, Ranchers Cattlemen Action Legal Fund – United Stockgrowers of America, Rural Advancement Foundation International-USA, Western Organization of Resource Councils

Our organizations are promoting interrelated reforms to restore competitive livestock markets and fair contracts based on a platform supported by over 200 organizations that represent independent farmers and ranchers, contract growers, and consumers (available at <http://tinyurl.com/3gcty2>).

### **Agricultural Competition Issue Brief 10 of 18: Protect Growers' Capital Investments from Arbitrary Contract Termination**

**Obama-Biden Position:** " Prevent Anticompetitive Behavior Against Family Farms... strengthen anti-monopoly laws; change federal agriculture policy to strengthen producer protection from fraud, abuse and market manipulation...."

**Relevant Program:** Packers and Stockyard Act

**Relevant Agency:** USDA Grain Inspection, Packers and Stockyard Administration

**Policy Recommendation – Administration Action:** Amend Packers and Stockyards Act regulations to require a poultry integrator to reimburse growers for capital investments made for purposes of the contract if the contract is cancelled prematurely without cause.

**Policy Recommendation – Legislative Action:** If GIPSA determines that such regulation is not within its current authority, send draft legislation to Congress asking for an amendment to the Packers and Stockyards Act to address this concern.

**Background:** Poultry contract growers make very large investments in facilities, and are thus very vulnerable to contract termination, leaving them stranded with a large investment and no way to pay the loans. Section 11006 of the 2008 Farm Bill requires USDA to promulgate rules defining a reasonable period of time for a live poultry dealer or swine production contract grower to remedy a contract breach that could lead to termination.