

Packers & Stockyards Act: Enhancing Transparency in Poultry Grower Contracting and Tournaments

The Transparency in Poultry Grower Contracting and Tournaments rule, effective Feb. 12, was published in the Federal Register on Nov. 28, 2023. It mandates live poultry dealers to provide poultry growers with key information about agreements. This includes pricing details, payment schedules, and other contractual terms. The rule aims to promote fairness, transparency, and market access for poultry growers with essential information for informed decision-making. Notably, this rule applies exclusively to broiler producers, leaving turkey and layer chicken producers unaffected.

To better understand this rule, let's delve into the history of the Packers & Stockyards Act.

The Poultry Industry and the New Rule

The poultry industry plays a crucial role in the food supply chain, providing millions of Americans with affordable protein. However, the relationship between poultry growers, often small farmers, and live poultry dealers, typically large integrators, has been a concern. The Agricultural Marketing Service's (AMS) broad objective, with this rule, is to inhibit deceptive practices in contracting and provide poultry growers with the information needed to make informed business decisions.

The USDA AMS accomplishes this by requiring live poultry dealers who produce 2 million pounds or more of broiler meat a week to provide disclosure documents to contract growers. These documents are divided into two parts:

Part One: Financial Disclosures

- Minimum number of placements per year;
- The integrator's bankruptcy and litigation history;
- Policies regarding the potential sale of the complex;
- Contact information for the local USDA extension;
- Grower compensation;
- Grower turnover;
- Financial information broken down by quintile, year, and housing specs;
- Variable costs;

Part Two: Tournament-Specific Disclosures (Only applies to integrators who pay on a tournament system)

- Stocking density;
- Ratios of breeds;
- Ratios of sex;
- Breeder facility the birds come from;
- Health impairments;
- Adjustments, if any, that live poultry dealers may make to calculate grower pay based on inputs;
- Distribution of inputs;
- Housing specification;
- Any feed disruptions for all the growers on the settlement names excluded.

Significance of the Rule

Small-scale poultry farmers often lack bargaining power when negotiating contracts with large processing companies. The rule ensures that growers receive critical information, allowing them to negotiate better terms. The rule is intended to prohibit discriminatory practices and retaliation against growers who seek transparency, growers can now raise concerns without fear of reprisal by contacting the U.S. Department of Agriculture and the Department of Justice through the farmerfairness.gov portal. Transparent contracts lead to more efficient markets. When growers understand the terms, they can optimize their production and investment decisions.

[Here](#) is a link to the USDA web page that contains the final rule, fact sheet, webinars, and frequently asked questions.



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