

Family Farming and Transparency in Livestock Markets 2015 Special Order of Business

Livestock markets are adversely impacted by concentration and a lack of price and volume transparency. In 1999, USDA enacted the Livestock Mandatory Price Reporting Act to encourage more competition and greater transparency. The Livestock Mandatory Price Reporting Act requires timely, reliable, and relevant livestock marketing information to be reported and distributed. The Act was specifically enacted to address the substantial changes that have occurred in livestock markets, including greater vertical integration. The information gathered by USDA was intended to allow producers to better determine market prices, conditions, and arrangements relevant to the marketing process.

While mandatory price reporting data has helped provide greater transparency, improvements in reporting requirements would make the data more effective. Many loopholes exist in the system including an exemption for reporting when too few packers exist in the area due to proprietary reasons, even though this data could be disseminated at the aggregate level. Sales that occur after hours are not all being reported in a timely fashion. Also, USDA does not presently require reporting for all purchase arrangements.

In addition, the user interface for mandatory price reporting is antiquated and cumbersome. While the data is intended to be used by producers across the country, the data is only accessible and usable to a trained economist.

NFU supports increased transparency and usability of mandatory price reporting data and making mandatory price reporting permanent law.