

CATTLE MARKET TRANSPARENCY ACT OF 2021

On March 2, 2021, U.S. Senators Deb Fischer (R-NE) and Ron Wyden (D-OR) introduced the [Cattle Market Transparency Act of 2021](#). The legislation seeks to accomplish two main goals: ensuring regionally sufficient negotiated cash trade, and equipping producers with more information to aid marketing decisions.

Other cosponsors of the bill include Senators Cindy Hyde-Smith (R-MS) and Mike Braun (R-IN). [Bill text is available here](#).

Specifically, the bill does the following:

- Establishes regional mandatory minimum thresholds of negotiated cash and negotiated grid trades to enable price discovery in cattle marketing regions. It will require the secretary of agriculture, in consultation with the chief economist, to establish regionally sufficient levels of negotiated cash and negotiated grid trade, seek public comment on those levels, then implement.
- Requires USDA to create and maintain a publicly available library of marketing contracts between packers and producers in a manner that ensures confidentiality.
- Mandates that a packer report to USDA the number of cattle scheduled to be delivered for slaughter each day for the next 14 days and require USDA to report this information on a daily basis.
- Prohibits USDA from using confidentiality as a justification for not reporting and make clear that USDA must report all LMR information, and it must do so in a manner that ensures confidentiality.

USCA supports this bill because:

- It is a dynamic piece of legislation for a dynamic industry.
- It goes above and beyond setting a minimum negotiated cash trade level – it also creates a cattle contract library and addresses confidentiality concerns within the Livestock Mandatory Reporting Program.
- It addresses three main marketplace concerns:
 - Price Discovery, or how much cattle are worth.
 - Price Transparency, or how much buyers are paying for cattle.
 - Captive Supply, or how much cattle is out there.

COMMON ARGUMENTS AGAINST THE BILL AND OUR RESPONSE:

1. We don't need the government meddling in our free markets, or another government mandate weighing on us.

Price reporting in and of itself is a government mandate. And because government mandates restrict our access to selected data, we need to find ways to work around the confidentiality clause that may curtail price reporting in any of the USDA reporting regions.

If we could remove the confidentiality clause from the Livestock Mandatory Reporting program, this legislation would not be needed.

2. Producers shouldn't be forced to give up their formula agreements or change the way they do business.

The large corporate feeders are the only producers benefiting from the current system. This legislation would shift market incentives away from being 'bigger', and toward being 'better'. The result would be a more competitive, efficient overall industry with participants who are rewarded for efficiently producing a high-quality product. Under this bill, Alternative Marketing Arrangements (AMAs), would still be allowed.

We cannot allow the independent producer to go bankrupt in favor of supporting the large, corporate conglomerates. This year's market disruption and food shortages served as a stark demonstration of the critical importance of diverse cattle markets. When packing facilities began slowing production, the first ties they cut were those with independent producers. Corporate feeders went largely unharmed, due to their contract agreements, while independent producers were left with over-finished cattle and few, if any, marketing alternatives.

WHAT WE NEED FROM CONGRESS:

The Livestock Mandatory Price Reporting program expires this upcoming September 30, 2021. USCA would like to see changes made to this program to provide more accurate and transparent reports of daily prices and number of cattle purchased via the cash market.

We need to host a Senate Agriculture Committee hearing on the state of the cattle market to bring forth the relevant experts, stakeholders, and other industry players to the table to discuss these potential solutions for increasing transparency and true price discovery.

