



National Cattlemen's
Beef Association

Cattle Marketing Issues

NCBA Issue Backgrounder - 2007



OVERVIEW

When it comes to market structure and competition issues, **NCBA's position is simple – we ask that the government not tell us how we can or cannot market our cattle.**

We are not just cattle producers, but beef producers, and we must be in tune with what our consumers like to purchase from their local retail meat case. This focus on consumer preferences has led to many innovative marketing programs that have improved the quality of beef, given the consumer what they are asking for, and made many of America's ranchers more profitable and efficient. Some of these innovations have come in the form of alternative marketing arrangements (AMAs) such as forward contracting, marketing alliances, and packer ownership. These arrangements allow producers to get paid for the value that they add to the animal.

The benefits of AMAs are seen everyday in the cattle business, and were recently supported by the results of GIPSA's Livestock and Meat Marketing study. Billed as the "definitive answer" on these issues, this study was based on over half a million transactions representing more than fifty-eight million head of cattle. **The study supports what many U.S. ranchers have known all along – a market-driven system works.** The overwhelming conclusion was that overall, alternative marketing arrangements help ALL sectors of the industry, not just those that participate.

The open and free market is powerful, and as beef producers, we understand and embrace that fact. We are steadfastly committed to a competitive, free-enterprise market system. **NCBA is opposed to any legislation that tells cattlemen who they can sell their cattle to or how they should market their livestock.** Producers need the freedom and flexibility to market their cattle in ways that provide the best return on their investment.

TOP MARKET COMPETITION PRIORITIES FOR CATTLE PRODUCERS

1

NCBA producer-members support a competitive, free-enterprise market. We work to enhance market transparency, reduce unnecessary government regulations on our businesses, and increase availability of market information for cattle producers. Cattle producers want access to business opportunities that will help us improve our bottom line. The opportunity to engage in and benefit from new market innovations is good for the individual rancher as we supply the consumer with the beef products they demand.

2

NCBA strongly opposes any legislative actions that would limit our freedom to market cattle the way we see fit. In recent Farm Bill markups, amendments were brought forward which threatened to limit competition in the cattle marketplace. NCBA strongly opposes such amendments. We work to enhance market transparency, reduce unnecessary government regulations on our businesses, and increase availability of market information for cattle producers. It is not in our best interest for the government to implement policy that sets prices; underwrites inefficient production; or manipulates domestic supply, demand, cost, or price.

3

Alternative Marketing Arrangements (AMAs) are consumer-focused, market-driven, and in most instances, producer-led. The main reasons producers participate in AMAs are the ability to buy or sell higher quality cattle, improve supply chain management, and obtain better prices. Providing this consumer preferred product allows us to capture more of that consumer dollar in the form of a premium. The producer is getting a better price for their cattle and can use that money to continue to improve upon their operation.

Questions or Comments?

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