

# MARKETING

## 1. MEAT INSPECTION (revised'08)

**WHEREAS:** The purpose of meat inspection is to ensure a safe and healthy food product for consumers; and

**WHEREAS:** The current meat inspection program is inconsistent and allows for disparities between red meat and poultry; and

**WHEREAS:** South Dakota's meat inspection program equals or exceeds federal inspection standards.

**THEREFORE BE IT RESOLVED:** The South Dakota Stockgrowers Association supports;

1. A modern, uniform, accountable well regulated meat inspection program that ensures sanitary processing procedures for the production of safe and healthy meat products.
2. Interstate shipment of meat products from states that have an inspection program that equals or exceeds federal inspection standards.

## 2. CATTLE PRICING STRUCTURE ('96) (Revised '04)

**WHEREAS:** Recent increases in the amount of fed cattle sold on a captive supply basis have effectively given packers known live inventories to meet their slaughter needs for given time periods; and

**WHEREAS:** Packers who hold a substantial amount of their live inventories for a given time frame through captive supplies have a psychological advantage in the bargaining arena, therefore providing a downward bias in price; and

**WHEREAS:** Depressed fed cattle prices and negative feeding margins will ultimately be passed on to the cow calf sector in the form of lower prices paid for feeder cattle and calves, therefore bringing into question the financial viability of many ranchers; and

**WHEREAS:** For the beef industry to profitably advance into the future, a price discovery system must be developed that rewards above average quality cattle with premium prices and discounts undesirable types to the point that their production is discouraged; and

**WHEREAS:** Price discovery may be impeded by any type of non-negotiated selling, including basis contracting, grade and yield selling, current "formula" marketing agreements and any other arrangements or any other arrangement in which price is not competitively negotiated.

**THEREFORE BE IT RESOLVED:** Complete reporting of non reported cattle prices be required to facilitate true price discovery.

**BE IT FURTHER RESOLVED:** The futures markets on cattle and feeders must have major revisions for the number of contract held by individuals (and groups representing individual interests) and a change of futures trading to remove the downward bias of short selling.

**BE IT FURTHER RESOLVED:** The South Dakota Stockgrowers Association strongly support the resolution on packer concentration in the livestock industry as proposed by the National Association of State Departments of Agriculture in their 1995 meetings.

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**BE IT FURTHER RESOLVED:** The National Association of State Departments of Agriculture urge the Justice Department, the Federal Trade Commission, or an independently appointed council conduct an in-depth investigation of the livestock industry in the United States to ensure that

agriculture producers are free of unfair or monopolistic practices. The investigation must look at all separate aspects of the market simultaneously in order to get a true picture of the transactions regarding the livestock and meat industry.

**BE IT FURTHER RESOLVED:** The livestock industry is of the utmost importance to agriculture. Primary emphasis should be placed on the 1995 Farm Bill to identify and resolve problems facing the livestock producers and businesses that depend on the well being of the producer. The financial and physical well being of the United States is at stake.

**BE IT FURTHER RESOLVED:** As a possible alternative to current “formula” marketing agreements the South Dakota Stockgrowers Association support further study of a negotiated “grid” pricing structure, with the base price and spreads determined by competitive bidding between buying interests no more than seven days prior to shipment.

**BE IT FURTHER RESOLVED:** The South Dakota Stockgrowers Association urges that livestock forward contracts have a negotiated fixed base price in writing when they are entered into and that the contracts be traded in an open public market.

### **3. COMBINED MARKET DEFAULT AND LICENSE AND BONDING LAW (revised’08)**

**WHEREAS:** Livestock Markets, Order Buyers, and Livestock Dealers financial failures have a very adverse effect on livestock producers and local communities; and

**WHEREAS:** Most problems stem from violations of custodial accounts and improper business practices; and

**WHEREAS:** South Dakota has a Livestock Dealers Licensing and Bonding Law that requires livestock dealers to have a \$ 10,000 bond

**THEREFORE BE IT RESOLVED:** The South Dakota Stockgrowers Association supports;

1. Substantial penalties for custodial account violations
2. Adequate funding for the South Dakota Animal Industry Board to enforce the South Dakota Livestock Dealers Licensing and Bonding Law.

### **4. NUTRITION EDUCATION AND RESEARCH**

**WHEREAS:** The livestock industry is of primary importance to the economy of all South Dakota and an indispensable source of food for the people of our state and nation; and

**WHEREAS:** The Meat Group of the basic food groups provides more nutrients per calorie than any other food groups; and

**WHEREAS:** The United States Department of Agriculture, the Department of Health, Education and Welfare, and other federal agencies continue to move toward issuance of dietary guidelines which indirectly, if not directly, discourage the consumption of animal products, including beef.

**THEREFORE BE IT RESOLVED:** The South Dakota Stockgrowers Association request the Governor to cooperate with the governors of other states represented on the Western Governors’ Conference in demanding that the federal government disseminate only nutrition information based on scientifically-proven facts, and that the United States Department of Agriculture abandon any plan to develop a national agriculture policy based on a national food policy.

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**BE IT FURTHER RESOLVED:** The South Dakota Stockgrowers Association request the members of the South Dakota Congressional Delegation, immediately take all possible steps to

ensure that federal monies spent on nutrition research and information as allocated so that all sides of any issue are properly investigated and publicized.

#### **5. RESTRICTING CAPITAL LOSSES**

**WHEREAS:** The IRS is trying to limit legitimate hedging of commodities to a \$3,000 capitol loss rather than ordinary profit and loss.

**THEREFORE BE IT RESOLVED:** The South Dakota Stockgrowers Association oppose any change by IRS on any legitimate hedge on the futures and options as ordinary income or loss rather than capital losses over \$3,000.

#### **6. USDA MARKET NEWS**

**WHEREAS:** The price discovery process for cattlemen in all sectors of the industry is becoming increasingly difficult to determine; and

**WHEREAS:** Marketing is playing a more significant role in the variability in profits from the various cattle enterprises; and

**WHEREAS:** The increased importance that all phases of the cattle industry have equal access to market information to insure all are on an equal bargaining basis.

**THEREFORE BE IT RESOLVED:** The South Dakota Stockgrowers Association supports the USDA Federal-State Market News Program and the South Dakota Direct Feedlot Report.

#### **7. COMPETITIVE MARKETING ('95) (Revised '03)**

**WHEREAS:** The South Dakota cattle producers produce 4% of the nation's calf supply and the cattle industry is the single largest economic factor in South Dakota;

**THEREFORE BE IT RESOLVED:** The South Dakota Stockgrowers Association supports all marketing systems that promote and encourage open and fair competition.

#### **8. CATTLE CHAPTER ('01)**

**WHEREAS:** The United States Department of Agriculture and Federal Government actions directly or indirectly influence the cattle industry.

**THEREFORE BE IT RESOLVED:** The South Dakota Stockgrowers Association supports the cattle chapter and the competition title as proposed by R-Calf USA.

## **9. MANDATORY PRICE REPORTING ACT ('01)**

**WHEREAS:** The SDSGA supports the Mandatory Price Reporting Act; and

**WHEREAS:** As long as details are not divulged on individual transactions, all prices should be reported in compliance with the act; and

**WHEREAS:** Any change to MPRA should move it toward real-time reporting of prices similar to the stock market and Boards of Trade.

**THEREFORE BE IT RESOLVED:** Confidentiality restrictions inserted by the Office of Management and Budget in the MPRA of 1999 should be removed.

## **10. VOLUNTARY LIVE CATTLE CHECK-OFF ('02) (Revised '07)**

**BE IT RESOLVED:** The South Dakota Stockgrowers Association form a committee to study and then propose a nationwide voluntary producer directed check-off for the benefit of the U.S. live cattle industry. The committee shall be comprised of state representatives. Each state with 500,000 or more head of live cattle shall have a representative. States with fewer cattle may combine their numbers and may have a representative for 500,000 or more head of live cattle.

**BE IT FURTHER RESOLVED:** Proceeds from the said check-off will be utilized for the purposes of:

- A. Promoting the U.S. live cattle and the U.S. live cattle industry.
- B. Promoting the policy matters set forth by the U.S. live cattle industry.
- C. Protecting the U.S. live cattle industry from unfair trade practices, anti-trust violations, violations of the Packers and Stockyards Act, and other rules and laws as they may apply to the industry.
- D. Promoting family ranching operations and specifically educating the public as to the environmental practices and ranching activities and the resulting beneficial effects of those practices on wildlife, water, open space, a safe and healthy food supply and the quality of life in rural America.

## **11. FARM IMPORT INSPECTION AND FUNDING SECURITY ACT OF 2002 ('02)**

**BE IT RESOLVED:** The South Dakota Stockgrowers Association supports the Farm Import Inspection and Funding Security Act of 2002.

## **12. CAPTIVE SUPPLIES ('02)**

**BE IT RESOLVED:** The South Dakota Stockgrowers Association believes that captive supplies of livestock are the largest marketing problem in the livestock industry and should be ended. Captive supplies include packer owned livestock and other sales where the livestock are not negotiated and priced prior to delivery.

### **13. SENATE MARKET INVESTIGATION ('02)**

**BE IT RESOLVED:** The South Dakota Stockgrowers Association calls upon the United States Senate to hold a comprehensive investigation into competition in the wholesale and retail red meat markets. The investigatory body should have subpoena power, possess full funding to hire legal counsel, and pursue any legal action recommended.

### **14. CONCENTRATION IN THE MEATPACKING INDUSTRY ('02)**

**WHEREAS:** The South Dakota Stockgrowers Association believes that competitive problems in the livestock industry are caused, in large part, by the concentration of the large meat packers and retailers.

**THEREFORE BE IT RESOLVED:** The South Dakota Stockgrowers Association supports a break up of the dominant firms in meat packing and retail food sales to remedy the concentration issue.

### **15. USDA GRADE STAMP ('02)**

**BE IT RESOLVED:** The South Dakota Stockgrowers Association advocates that the USDA grade stamp should be denied to red meat products that are not born, raised and slaughtered in the United States.

### **16. HORSE SLAUGHTER ('07)**

**WHEREAS:** South Dakota Stockgrowers Association has high respect and appreciation for the horse in the American landscape, and is mindful of the contribution of horses to the economy, history and character of the United States, and

**WHEREAS:** The horse deserves protection, compassion and humane treatment during ownership, transport, and sale and processing, and

**WHEREAS:** More than 100,000 horses are harvested annually in the United States for foreign markets for consumption or for domestic by-product use as a responsible means of maintaining a healthy sustainable horse population;

**THEREFORE BE IT RESOLVED:** The South Dakota Stockgrowers Association supports legislation and rulings that allow the sale, possession and transport of horses intended for processing; domestic ownership; contract and location of equine processing facilities; and the funding for Food Safety and Inspection Service Inspectors in facilities that slaughter horses.

**BE IT FURTHER RESOLVED:** That South Dakota Stockgrowers Association opposes the passage of the Horse Slaughter Prevention Act and/or similar legislation and/or any regulation that prohibits the humane harvest of equines.

## **17. CHECK OFF REFORM ('16)**

**BE IT RESOLVED:** The South Dakota Stockgrowers Association supports the following reforms to the National Beef Check Off program:

- 1) Require a periodic vote (producer referendum), not to exceed 5 years, to determine whether or not producers desire continuation of the Check Off, and/or any increases of checkoff fees.
- 2) All Check Off monies collected at the current rate or any future increased rate will be used to promote United States and/or South Dakota born, raised and slaughtered beef products, and not used for the promotion of imported beef.
- 3) Allow Check Off monies to be used for live cattle research as well as beef research and related programs.
- 4) Retain the mandate that 50% of all Check Off monies be retained by the states and to be used for research and promotion programs advantageous to producers of that state.
- 5) Require all contractors with the National Beef Check-Off program to agree to and abide by Cattlemen's Beef Board code of ethics that guides the use of Check-off monies and relationship between each contractor and ALL producers who fund the program.
- 6) The Federation of State Beef Councils should be separated completely from the National Cattlemen's Beef Association, allowing the Federation of State Beef Councils to operate as an independent entity in governing the National Beef Check-off.
- 7) South Dakota Stockgrowers Association supports the use of private, independent contractors to complete work and fulfill the mission of the Beef Check-off program.
- 8) All contracts awarded shall expose all contractors/entities/organizations and disclose all implementation fees associated with the contracts and limit implementation fees to no more than 25% of any contract.
- 9) The Cattlemen's Beef Board should become a completely independent and freestanding organization. The 5 percent cap on CBB administrative costs should be increased so CBB can finance its own independent meetings without assistance from or coordination with any policy organization.
- 10) The South Dakota Stockgrowers Association calls for an amendment to the Beef Promotion Act that would limit any one organization from being awarded contracts that equal more than fifty percent of the total checkoff dollars awarded by the Cattlemen's Beef Board in any calendar year and that no portion of the beef checkoff dollars awarded to such an organization can be used to pay for any portion of salaries or benefits of people employed by a policy or lobbying organization or of an individual consultant or lobbyist.
- 11) The South Dakota Stockgrowers Association supports the housing of the beef checkoff program with other mandatory checkoff programs under USDA.
- 12) SD Stockgrowers Association supports federal legislation that accomplishes a prohibition of contracts with entities that also work to influence policy, that requires any contracting entity to produce detailed records of the individual contract for public record, to make available budgets and records of disbursements of funds, and that requires mandatory, periodic audits by the USDA inspector general every two years for public review.

## **18. VALUE ADDED MARKETING ('97)**

**WHEREAS:** The number one industry in the State of South Dakota is livestock; and  
**WHEREAS:** Some of the best growing and finishing cattle are raised in the state of South Dakota.  
**THEREFORE BE IT RESOLVED:** The South Dakota Stockgrowers Association supports and promotes more of our cattle, corn, hay and other feeds being fed in state thus keeping more of our young people involved in the livestock business.

## **19. FROM PRODUCER TO CONSUMER (Revised '16)**

**WHEREAS:** The United States beef industry has had a very trying time in the market place; and  
**THEREFORE BE IT RESOLVED:** The South Dakota Stockgrowers Association supports the beef cooperative concept as much as possible.

## **20. US FARMERS AND RANCHERS ALLIANCE (Revised '11)**

**WHEREAS:** The U.S. Farmers and Ranchers Alliance was formed in 2010 with a variety of partner organizations and corporate sponsors whose policies are in opposition to the interests of independent family livestock producers and the policies of the South Dakota Stockgrowers Association, and  
**WHEREAS:** The U.S. Farmers and Ranchers Alliance has already been granted Check-Off money by the Cattlemen's Beef Board, and  
**WHEREAS:** Check-Off money can not be used for lobbying efforts and are intended for the purpose of Beef promotion,  
**NOW THEREFORE, BE IT RESOLVED:** The South Dakota Stockgrowers Association does not support any Check-off monies appropriated to the U.S. Farmers and Ranchers Alliance.

## **21. GIPSA RULE (Revised'11)**

**BE IT RESOLVED:** The South Dakota Stockgrowers Association supports the current (9-22-2011) proposed Grain Inspectors, Packers and Stockyards Administration (GIPSA) Rule.

## **22. Repeal of Beef Check-Off Program ('15)**

WHEREAS, the members of the South Dakota Stockgrowers Association desire to no longer be required to pay said tax;

THEREFORE BE IT RESOLVED, the Directors of the South Dakota Stockgrowers Association are hereby directed to communicate to the Congress of the United States of America that we desire that the United States Congress shall discontinue the current Beef Checkoff.