



## FACT SHEET

### **Grain Inspection, Packers and Stockyards Administration (GIPSA)**

**Issue Summary:** *In 1994, Congress created the Grain Inspection, Packers and Stockyards Administration (GIPSA) to facilitate the marketing of livestock, poultry, meats, cereals, oilseeds and other agricultural products by promoting fair and competitive trading practices. GIPSA seeks to protect consumers, benefit farmers and ranchers, and revitalize rural communities, by ensuring that there are fair, productive, and competitive markets for U.S. agricultural products. However, Congress, beginning in 2008, has prevented GIPSA from implementing some of its rules through the appropriations process.*

- GIPSA operates through two agencies: the Packers and Stockyards Program (P&SP) and the Federal Grain Inspection Service (FGIS). (USDA-GIPSA)
- P&SP promotes fair competition, provides payment protection, and prevents deceptive and fraudulent trade practices that affect the movement and price of meat animals and their products. (USDA-P&SP)
- Market concentration in the meat and poultry industries has increased steadily over the last two decades, resulting in just a few firms controlling each sector. This lack of competition gives integrators significant power in negotiating contracts. In 2013, the concentration ratios (CR4) for beef packers, pork packers, and broilers was 85%, 63%, and 54%, respectively, and growing. CR4 is the concentration ratio (relative to 100%) of the top four firms in a specific food industry; the lower the number, the closer the market is to perfect competition.
- The 2008 Farm Bill included new provisions that amended the Packers and Stockyards Act to give poultry and swine growers the right to cancel contracts, require poultry processors to disclose to poultry growers additional capital investments, set the choice of law and venue in contract disputes, and give growers the right to use arbitration to resolve contract disputes. (Congressional Research Service)
- In 2011, GIPSA finalized a regulation that clarified conduct that violates the Packers and Stockyards Act of 1921 and provided arbitration procedures that allow growers to decline arbitration. (USDA-GIPSA)
- GIPSA has never fully implemented this rule because appropriation bills have blocked its use. The current House of Representatives FY2015 Agriculture Appropriations Committee also includes a rider to limit the Secretary of Agriculture's authority to enforce provisions of the Packers and Stockyards Act and the GIPSA rule. Lack of enforcement is allowing a significant increase in vertical integration and concentration in livestock industries.

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