

SENATOR GRASSLEY AND SENATOR TESTER'S

# SPOT PRICING LEGISLATION (S. 3693)



INCREASING TRANSPARENCY IN CATTLE MARKETS,  
GIVING PRODUCERS MORE POWER AT THE FARM GATE.

America's cattle industry is at a crisis point. Senators Chuck Grassley (R-Iowa) and Jon Tester (D-Mont) have a plan.

As the percent of cattle traded on the cash market drops and formula pricing becomes more common in a consolidated marketplace, America's ranchers are facing losses. Formula and forward pricing puts producers at a disadvantage as packers reduce slaughters, curtail cash trades, and use depressed demand to formulate futures contracts.

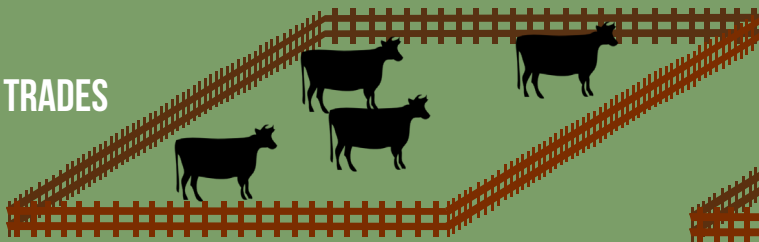
Senator Grassley and Senator Tester are teaming up behind bipartisan Spot Pricing legislation that gives producers more room to negotiate prices and reduces the market's dependence on packer-manipulated formula pricing.

## REDUCING CORPORATE CONTROL

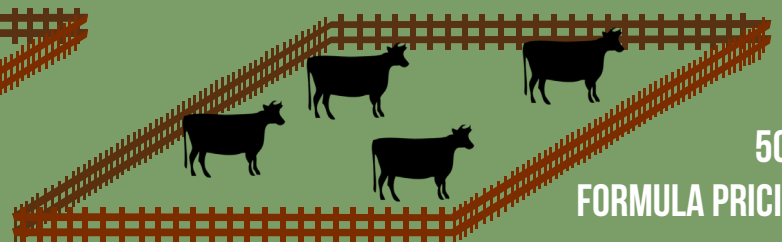
In recent decades, the packing industry has become dangerously consolidated. Just **4** large corporations control **80 percent** of America's meat processing capacity, running massive processing plants and industrial feed lots.

These corporate giants use their market share to drive down cash, or "spot," prices for cattle, and then use those depressed prices to set formulas to buy cattle from independent ranchers, farmers, and feeders for dirt cheap. The consequences? America's meat prices have more than doubled in the last 20 years, while ranchers have felt their margins tighten.

50%  
CASH TRADES



50%  
FORMULA PRICING



## SPLITTING IT 50/50

Senators Grassley and Tester's Spot Pricing Legislation requires large-scale packers to increase the proportion of spot transactions to **50 percent** of their total cattle purchases.

This increase in cash trades will allow for **more transparency** in the market, improving the accuracy of formula pricing and giving small and independent producers more opportunities to negotiate pricing. A higher proportion of cash trades will reduce the market's dependence on packer-manipulated formula pricing, making it harder for corporations to depress cattle prices.

Senator Grassley and Tester's Spot Pricing legislation helps level the playing field in the cattle market, giving producers a better shot at **bringing home fairer, higher returns for their product.**

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