

USDA RELEASES CAPTIVE SUPPLY STUDY

WASHINGTON, Jan. 18, 2002 -- The U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration today released a report that clarifies the definition of captive supplies and announced ways that the department can ensure clear reporting of information in the future.

The report was conducted in response to a Congressional mandate in the 2001 Agricultural Appropriations bill. The report, "Captive Supply of Cattle and GIPSA's Reporting of Captive Supply," clarifies GIPSA's definition of the term "captive supply," and compares GIPSA's captive supply statistics to statistics published by other organizations, including USDA's Agricultural Marketing Service. The report also compares 1999 procurement transactions data of the top four beef packers to summary captive supply data the packers submitted to GIPSA.

The report highlights the following points:

- Differences in captive supply statistics reported by various organizations result from conflicting definitions and variations in the geographical bases of the data collection. GIPSA defines captive supplies based on whether a packer commits to purchase livestock before the animals are ready for slaughter.
- GIPSA's analysis of the top four beef packers' 1999 transactions data revealed that the summary captive supply statistics the packers reported to GIPSA included cattle procured from non-reporting subsidiaries, affiliates, owners and employees, if the animals were procured through a captive supply arrangement.
- Based on its review of the top four packer' transactions records, GIPSA found that captive supplies accounted for 32.3 percent of the firms' total slaughter rather than 25.2 percent, as reported in the packers' annual reports to GIPSA. The data discrepancies are attributed to misunderstandings about captive supply definitions and computational errors.

GIPSA announced the following actions in response to this the findings.

- GIPSA will publish its definition of captive supply in the Federal Register. The definition is this: livestock that is owned or fed by a packer more than 14 days prior to slaughter; livestock that is procured by a packer through a contract or marketing agreement that has been in place for more than 14 days prior to slaughter; and livestock that is otherwise committed to a packer more than 14 days prior to slaughter.
- Revise the Packer Annual Report form to clarify reporting definitions.
- Audit future Packer Annual Reports.
- Report captive supply information in more detail.

Copies of the report are available on the internet at:
http://www.usda.gov/gipsa/pubs/captive_supply/captive.htm

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