

USDA Releases Interim Meat Marketing Report

WASHINGTON, August 2, 2005 - The USDA Grain Inspection, Packers and Stockyards Administration (GIPSA) today announced that researchers at RTI International have released an interim report on the use of marketing arrangements in the livestock and meat industries. GIPSA contracted with RTI to study the cattle, hog, and lamb industries. The interim report describes different ways of marketing livestock and meat, including traditional spot market transactions, and the reasons various types of marketing arrangements are used.

"In general, GIPSA found most buyers and sellers in the livestock and meat industries are using a portfolio of marketing arrangements rather than a single type," said Mary Muth, Ph.D., director of the Food and Agricultural Policy Research Program at RTI International, based in Research Triangle Park, N.C. "Livestock and meat businesses are using a combination of marketing methods to complement their use of spot markets to obtain market access, to better manage price risk, to assure high and consistent quality and to reduce transactions costs."

The interim report, which was compiled by a team of researchers in North Carolina and from five different academic institutions nationally, also developed a classification scheme for marketing arrangements based on the method of procurement or sales, ownership arrangements, and pricing practices. Other important features of marketing arrangements include whether they are oral or written agreements, how long they last, who pays for transportation, the timing of negotiations, and quality requirements.

"The interim report provides a wealth of descriptive information on factors that enter into marketing and procurement choices made in the livestock and meat industry," said JoAnn Waterfield, deputy administrator of packers and stockyards programs for GIPSA.

Waterfield also said the interim report findings are based on an assessment of trends in the livestock and meat industries and on discussions held with industry businesses. A second and final report, scheduled for completion in 2006, will include a variety of analyses to better understand the advantages and disadvantages of market arrangements.

A copy of the report and additional information about the study is available on GIPSA's website (www.usda.gov/gipsa), by following the "marketing study" icon.

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