

## **Livestock Mandatory Reporting Background**

In the mid-1990's, there were growing concerns in the industry and Congress over packer concentration as meat packing companies were consolidating and getting larger. This was captured in a 1996 report, [Pork Price Reporting Improvement Initiative](#), as a survey of pork industry packers. In the fall of 1998, the swine industry faced an oversupply situation, and negotiated slaughter hog prices fell to historically low levels. At the same time, some hog producers were engaged in alternative formula contracts that did not decline in value as much. The resulting outcry from this scenario and the ongoing concentration concerns prompted Congress to pass the [Livestock Mandatory Reporting Act of 1999](#) (1999 Act) [Pub. L. 106-78, Title IX].

As an amendment to the Agricultural Marketing Act of 1946, the 1999 Act established a program of information about the marketing of cattle, swine, lambs, and the products of such livestock to provide information readily understood by producers; improve the price and supply reporting services of the U.S. Department of Agriculture (USDA); and encourage competition in the marketplace for livestock and livestock products. On April 2, 2001, the USDA's Agricultural Marketing Service (AMS) implemented the Livestock Mandatory Reporting program (LMR) ([65 FR 75464](#) and [66 FR 8151](#)) as required by the 1999 Act.

Through LMR, packers and importers submit purchase and sales of livestock and livestock products to AMS. AMS then issues over 300 market reports each week detailing livestock and meat price trends, contracting agreements, and supply and demand conditions while protecting the confidentiality of proprietary transactions.

After LMR implementation, AMS published a final rule on September 2, 2004 ([69 FR 53783](#)), to make the first regulatory change to LMR which amended the lamb reporting requirements. On November 1, 2004, the rule modifying submission requirements of domestic and imported boxed lamb cut sales became effective.

Other regulatory changes followed as the Livestock Mandatory Reporting Act must be reauthorized every 5 years.

On September 30, 2005, the statutory authority for the program lapsed. At that time, AMS sent letters to all packers required to report under the 1999 Act, requesting they continue to submit information voluntarily. The packers' cooperation allowed USDA to continue publishing most reports until LMR was re-established.

On October 5, 2006, Congress enacted legislation under the [Livestock Mandatory Reporting Reauthorization](#) (2006 Act) [Pub. L. 109-296] to reauthorize the 1999 Act through September 30, 2010, and to amend the swine reporting requirements of the 1999 Act. The 2006 Act separated the reporting requirements for sows and boars from barrows and gilts, among other changes. Because statutory authority for the program had lapsed, USDA had to re-establish regulatory authority through rulemaking to continue LMR operations.

On May 16, 2008, USDA published a final rule to re-establish and revise LMR ([73 FR 28606](#)). This rule became effective on July 15, 2008, incorporating the swine reporting changes contained within the 2006 Act and enhancing the program's overall effectiveness and efficiency based on AMS' experience in the administration of the program, including the separation of the reporting requirements for cows and bulls.

The [Food, Conservation, and Energy Act of 2008](#) (2008 Farm Bill) directed USDA to conduct a study of the thin wholesale pork reporting which was an AMS Market News voluntary reporting activity at the time. The [Wholesale Pork Price Reporting Analysis report](#) was released in November 2009 and concluded there would be benefits from a mandatory pork reporting program.

The 2008 Farm Bill also directed USDA to improve the presentation and accessibility of LMR published information and to provide more outreach to help producers better understand the reported data. In response, AMS developed interactive data visualization tools, called [livestock dashboards](#), for cattle, boxed beef, swine, and lamb.

On September 27, 2010, the [Mandatory Price Reporting Act of 2010](#) (2010 Act) [Pub. L. 111-239] reauthorized LMR through September 30, 2015, added mandatory reporting of wholesale pork cuts, and included a provision to establish a negotiated rulemaking committee to develop these changes. AMS published a final rule on August 22, 2012 ([77 FR 50561](#)), to implement the 2010 Act changes; and the regulation was implemented on January 7, 2013.

The [Agriculture Reauthorizations Act of 2015](#) (2015 Act) [Pub. L. 114-154] to reauthorize LMR was signed into law on September 30, 2015, and included amendments to swine and lamb reporting requirements. For lamb, the definitions of a lamb packer and a lamb importer were modified to lower the reporting thresholds of each, from a processing average of 75,000 lambs to 35,000 lambs, and from an import average of at least 2,500 metric tons of lamb meat products to an average of 1,000 metric tons of lamb meat. AMS published a direct final rule to implement these reporting changes on February 29, 2016, ([81 FR 10057](#)) with an effective date of May 31, 2016. For swine, the 2015 Act added a definition and reporting requirements for negotiated formula and late day purchases. On August 11, 2016, AMS published a final rule ([81 FR 52969](#)) to implement the swine reporting changes as well as a lamb reporting change requested by industry amending the term "packer-owned lambs" and requiring packers to report lambs owned by a packer for at least 28 days immediately before slaughter. This rule became effective on October 11, 2016.

The 2015 Act also directed USDA to complete a study through AMS, the USDA's Office of the Chief Economist, and in consultation with the livestock and meat industry to analyze current livestock marketing practices; identify future legislative or regulatory recommendations; analyze price and supply information reporting services of USDA related to cattle, swine, and lamb; and address any other issues that the Secretary considered appropriate. AMS commissioned a [baseline study](#) of the livestock and meat industry and LMR that was completed in August 2016 to help inform this comprehensive review.

To gather feedback from industry stakeholders, AMS invited national livestock and meat industry associations representing cattle, swine, and lamb producers, meat processors, and other market participants to participate in a series of [stakeholder meetings](#) during fiscal year 2017 and openly discuss marketing methods, current challenges with reporting livestock and meat markets, and needs of the industry regarding future revisions to LMR. Through these stakeholder meetings, AMS identified, and in many cases implemented, recommendations to strengthen LMR and provide industry with more meaningful data. Information gathered from these meetings and from [several studies](#) is the basis for a [Report to Congress](#) submitted on April 2, 2018, to inform the next reauthorization.

The current LMR authority is set to expire September 30, 2020.