

INSIGHT



Competition Alive and Well in Broiler Chicken Industry, study says

Competition is alive and well in the broiler chicken industry and benefits chicken farmers, poultry companies, and consumers, according to a study of the industry released here today.

“On the national scale, it is the overall conclusion of this study that the chicken industry is a competitive and thriving sector,” wrote Dr. Thomas Elam, an agricultural economist and president of FarmEcon LLC. “Intense competition among chicken companies leads to product innovation and lower prices for consumers. The vertically integrated structure of the industry has given it an advantage compared to its competitors and allowed it to respond quickly to changing consumer demand.”

Elam’s study was commissioned by the National Chicken Council and released in preparation for a workshop on competition in agriculture to be held Friday at Alabama A&M University in Normal, Alabama, by the U.S. Department of Justice and the U.S. Department of Agriculture. The vertically

integrated system, in which a single company owns or controls virtually all phases of the operation, also benefits the independent family farmers who raise chickens under contracts with the companies, Elam wrote.

“Contract growers are insulated from integrator margin risk by fixed price contract terms. They receive payments that are not tied to market variations in prices of chicken and feed,” the study said. “These risks are largely shifted to the integrator, who absorbs the financial losses from adverse weather, general disease outbreaks, feed quality, and other factors potentially adversely affecting live chicken performance.”

As to whether contract growers are satisfied with the system, a study by the Farmers’ Legal Action Group found that 75 percent of broiler growers surveyed were sat-

isfied with their decision to go into broiler growing, Elam noted. He also pointed out that many chicken companies have waiting lists of people who want to become contract growers, and lists of farmers already in the business who want to expand their operations. This shows that growers can earn a good return on their investments, Elam wrote.

The vertically integrated structure of the industry has given it an advantage compared to its competitors.

“If, in general, growers were chronically earning less than a competitive return on their investment and labor, these waiting lists would likely not exist,” he noted.

Production and consumption of chicken has grown almost every year since the 1960’s,

Elam noted, as consumer tastes changed, new markets emerged, and new products were developed, and chicken companies have achieved a strong competitive position with respect to other meats.

Continued on page 4

NCPF Annual Meeting August 12-13!

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The North Carolina Poultry Federation Annual Membership Meeting is set for August 12-13, 2010 at the Grandover Re-

sort in Greensboro, N.C. Members and sponsors will enjoy a sporting clays shoot, golf tournament, and awards cere-

mony banquet with live entertainment after dinner.

Registration forms are forthcoming; check your email and mailboxes to register for the events of your choice. ([The forms are also available for download on the NCPF website under Events.](#)) Grandover special room rate will expire July 9, 2010 and registration deadline to attend is July 31.

North Carolina Poultry Federation will also present the Grower Environmental Excellence, Distinguished Service, and Allied Industry awards Thursday night at the banquet.

also inside...

NCPF ANNUAL MEETING

COMPETITION ALIVE & WELL

UPCOMING EVENTS

INTEGRATOR NEWS

NC ON THE UPSWING

AG GROUP vs ETHANOL TAX CREDITS

USP&E CALL FOR ENTRIES

NCPF BOARD MEETING HELD

INTEGRATOR NEWS

The **Joint Industry Safety & Health Council** recognized chicken and turkey companies that exemplified outstanding safety performance through the implementation of innovative and effective safety and health programs. The first annual safety awards were presented during the 2010 National Safety Conference for the Poultry Industry.

Awards were presented to 48 facilities with eight in the highest category "Award of Distinction." Other categories included "Award of Honor" and "Award of Merit."

The Joint Industry Safety & Health Council is made up of members from U.S. Poultry & Egg Association, National Chicken Council and National Turkey Federation. Collectively, the three organizations represent companies that produce 95 percent of the nation's poultry products and employ hundreds of thousands of workers. Companies with North Carolina locations receiving awards include:

AWARD OF DISTINCTION

Butterball, LLC (Mt. Olive, N.C.)

AWARD OF HONOR

Perdue Farm, Inc. (Rockingham, N.C.)

AWARD OF MERIT

Cobb-Vantress, Inc. (Wadesboro, N.C.)

Perdue Farms, Inc. (Candor, N.C.)

Townsend, Inc. (Siler City, N.C.)

Wayne Farms, LLC (Dobson, N.C.)

Jim Perdue, Chairman of Perdue Farms, Inc., was selected as the winner of Maryland's 2010 Governor's International Leadership Award and honored at the World Trade Center Institute's prestigious celebration March 11, 2010 at the Jim Rouse Visionary Arts Museum in Baltimore.

Just before Memorial Day, Tyson Foods awarded a \$75,000 "challenge" grant to an organization seeking to provide more burial space for military veterans at the Fayetteville National cemetery. The money will be used by the Regional National Cemetery Improvement Corporation (RNCIC) to support the group's mission of securing nearby land to "insure the cemetery can continue to receive veterans for burial."

Construction continues for Sanderson Farms' new processing plant, feed mill and hatchery sites near the U.S. 70 industrial park. Sanderson CEO Joe Sanderson, Jr. said the company is still considering Goldsboro as a possible new location for a \$94 million big bird deboning plant that could employ about 1,100 workers.

Economist: NC is on upswing

UNC Charlotte's John Connaughton predicts 2.2% economic growth this year and the addition of 58,000 jobs.

N.C. employers will add jobs at a modest pace this year as the state continues its economic rebound, UNC Charlotte economist John Connaughton said Tuesday in his quarterly economic forecast.

He predicts that the state's economy will grow 2.2 percent this year over last, he said during the presentation at the Belk College of Business uptown. Businesses across the state are expected to add 58,000 jobs in 2010, and the real job growth should begin by January, Connaughton said.

Read More: <http://www.charlotteobserver.com>

Ag groups seek end to ethanol tax credits

WASHINGTON -- The proposed extension of a tax credit for U.S. ethanol producers has several agricultural organizations calling for elimination of the measure.

Legislation introduced in Congress would extend through 2015 the Volumetric Ethanol Excise Tax Credit (VEETC), commonly called the blenders' credit, as well as a secondary tariff on imported ethanol. Both of these measures are scheduled to expire at the end of 2010.

Livestock and poultry associations asking that the tax credit measures be allowed to expire include the National Chicken Council, National Turkey Federation, American Meat Institute and the National Cattlemen's Beef Association.

In a letter to the House Ways and Means Committee, the groups stated, "Although we support the need to advance renewable and alternative sources of energy, we strongly believe that it is time that the mature corn-based ethanol industry operates on a level playing field with other commodities that rely on corn as their major input."

Read the full article at <http://www.poultryandeggnews.com>

SEEN
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HEARD

USDA and Department Of Justice Hold Workshop Focused On Competition Issues in the Poultry Industry

WASHINGTON, May 21, 2010—The U.S. Department of Agriculture and the Department of Justice held the second of five joint public workshops on competition and regulatory issues in the agriculture industry. The workshop, led by Agriculture Secretary Tom Vilsack and U.S. Attorney General Eric Holder, focused on issues in the poultry industry, and featured panel discussions on poultry grower issues and trends in poultry production. And, it also included opportunities for public comments.

"All players in the poultry industry deserve an honest chance at success, and that requires a fair, viable, and competitive marketplace," said Vilsack. "This conversation helped bring a better understanding of the issues impacting growers on a daily basis and provided an opportunity to openly discuss some of the ideas that have been raised to address these concerns."

"Secretary Vilsack and I are committed to improving our understanding of how particular agricultural markets function," said Attorney General Holder. "And, that's why we decided to hold a series of five workshops across the country to examine the challenges facing America's farmers, growers and producers. One thing that already is clear is that competition is crucial to ensuring opportunity and fairness in our agricultural markets. The Department of Justice is committed to working jointly with the Department of Agriculture in protecting competition in those markets."

This meeting was the second in a series of workshops that will be held over the next several months. These workshops are the first-ever to be

held by the Department of Justice and USDA to discuss competition and regulatory issues in the agriculture industry. The goals of the workshops are to promote dialogue and foster learning, as well as to listen to and learn from people involved in agriculture. Additional information about the workshops can be found at www.justice.gov/atr/public/workshops/ag2010/index.htm#overview.

Attorney General Holder and Secretary Vilsack opened the workshop with short remarks before leading a roundtable discussion on competition issues in agriculture and the broiler industry, followed by a panel of poultry producers from around the country to discuss what they see in the industry on a daily basis. Later, a panel of academics and growers discussed trends in the industry. Officials also received public testimony between panel discussions.

The workshop was held in Normal, Ala., at the Ernest L. Knight Reception Center at Alabama A & M University, and was attended by several key federal and state leaders, including Congressman Arthur Davis, Assistant Attorney General for the Justice Department's Antitrust Division Christine Varney, Alabama Attorney General Troy King and Alabama Agriculture Commissioner Ron Sparks.

Transcripts from this workshop will be available for review at a later date on the Antitrust Division's website.

Q2 NCPF Board Meeting Held

The NCPF Board of Directors met for their second quarter meeting June 9, 2010. Topics included

- Public relations for the poultry industry
- Continued formation of the N.C. Ag Coalition (NCAAC)
- The EPA's recent Guidance Document and coming classification attempts
- The N.C. General Assembly short session
- NC State freshman and undergrad Fall admissions
- NCDA&CS happenings
- Annual Membership Meeting

NCPF Board members will hold their next meeting during the Annual Meeting August 13, 2010.

10th Annual Family Farm Environmental Excellence Competition Announced

TUCKER, GA - U.S. Poultry & Egg Association is accepting nominations for the 10th Annual Family Farm Environmental Excellence Awards. The awards recognize exemplary environmental stewardship by family farmers engaged in poultry and egg production. Those eligible for the award include any poultry grower or egg producer (family-owned) who supplies product to a USPOULTRY member, or an independent producer who is a USPOULTRY member. Nominations are due **September 1, 2010**.

One award may be given for each region: Northeast, Southeast, South Central, North Central and Southwest. Nominations must be made by an Association member by completing the application provided by USPOULTRY. Each integrator or egg processor may nominate one grower for each complex in each state.

The awards will be presented during a special ceremony at the 2011 International Poultry Expo in January in Atlanta. Each award winner will receive a Family Farm Environmental Excellence trophy, \$1,000 cash, an expense-paid trip to the Expo, a farm profile on USPOULTRY's Web site, and the Association's assistance in local, regional, and national publicity.

For more information on the 2011 Family Farm Environmental Excellence Awards, contact: Paul Bredwell or Elaine Hilliard, U.S. Poultry & Egg Association, 1530 Cooledge Road, Tucker, Ga., 30084-7303; (770) 493-9401; Fax: (770) 493-9257; or E-mail: pbredwell@poultryegg.org. Competition details also are available on the USPOULTRY Web site, www.poultryegg.org

Legislative Update N.C. General Assembly is in 'short session' this year, and focused on issues related to the state budget. No legislative issues that would directly impact the poultry industry are on the table this session.

