

# Mandatory Price Reporting

**IMPORTANCE:** Pork producers need a transparent, accurate, and timely national market reporting system to make knowledge-based business decisions. Timely and accurate information is important for a competitive market to function effectively. Mandatory Price Reporting offers new market information with respect to the pricing, contracting for purchase and supply and demand conditions for hogs.

**BACKGROUND:** The hog market has changed dramatically in recent years. Less than 2 percent of all hogs are now sold at terminal markets; furthermore, the number of hogs sold under some sort of market contract continues to increase. MPR originally was promoted because producers believed it would improve market transparency and price discovery. Approved in 1999 as the Livestock Mandatory Reporting Act, MPR expired Oct. 30, 2004. Congress extended it until Sept. 30, 2005, but failed to pass a five-year reauthorization of the law. A Government Accountability Office (GAO) report released in December 2005 on the effectiveness of MPR made six administrative recommendations to USDA, urging the agency to make its audit process and findings more transparent to producers. USDA agreed to implement all six recommendations.

**NPPC POSITION:** NPPC supports a five-year reauthorization of MPR with three pork-specific program enhancements:

- Include additional sows to more accurately reflect the sales and prices paid in the sow market.
- Alter the timing for data reporting to even USDA's workload to increase report accuracy and efficiency.
- Enable USDA to publish price distributions for net prices to provide more useful information than is currently provided by the price ranges specified in the current law while maintaining current confidentiality requirements.

**OPPOSITION POSITION:** The Organization for Competitive Markets, R-CALF, National Farmers Union and other organizations will want to have input into the reauthorization process. They may raise issues not directly related to the implementation of the MPR law.

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