

The initial submission of example contracts is due the first business day of the month following the determination that the plant has the slaughtering capacity specified in the definition of "packer." GIPSA has made that determination for plants that are currently in operation; in the future as new plants open, the determination will be made as the information is available. When this final rule is published in the **Federal Register**, GIPSA will notify each packer in writing if it is required to submit information, and how and when to submit, for the swine contract library. To submit information for the swine contract library, example contracts and monthly reports, packers may submit hard copies or submit electronically via the swine contract library Web site. For new contracts, the packer must send the example contract to our Regional Office in Des Moines, within one business day of the contract's availability.

In addition to submitting example contracts, as specified in section 206.2(h) of the regulations, when there are any changes, expirations, or withdrawals to previously submitted example contracts, then packers must submit revised example contracts and notify us of expirations and withdrawals within one business day after expiration or withdrawal. The packer's example contracts must represent all of the contracts made available by the packer to swine producers for the purchase of swine for slaughter. The packer may submit example contracts and notifications electronically.

*What criteria will packers use to select example contracts?* To decide which contracts will serve as examples of similar contracts, as specified in section 206.2(d) of the regulations, packers will use the following criteria (four example-contract criteria):

- (1) The base price or the determination of base price;
- (2) The application of an accrual account or a ledger;
- (3) The carcass merit premium and discount schedules (including the manner of determining lean percent or other merits of the carcass that are used to determine the amount of the premiums and discounts and how those premiums and discounts are applied); and
- (4) The use and amount of noncarcass merit premiums and discounts.

For contracts that are identical in all four example-contract criteria listed above, a packer will need to file only one example contract to represent that set of contracts for each plant that slaughters the swine purchased under the example contract.

*What must the packer provide for monthly reports?* As specified in section 206.3 of the regulations, packers will submit monthly reports that will provide, for existing contracts, the estimated number of swine committed and the maximum number of swine that could be delivered under contract for each of the next 12 months, expansion clauses for each contract type, and specify the contract types for which the packer has any available contracts.

The packer must provide a separate monthly report for each of the plants that it uses that has the slaughtering capacity specified in the definition of "packer," even if it had no existing contracts for which to report estimated deliveries of swine. The packer must estimate the number of swine to be delivered under each contract at the plant, aggregated by contract type. If the packer had no existing contracts for any or all contract types, the reported estimates would be zero. GIPSA will notify the packer of the contract type for each example contract.

*What information from the swine contract library will GIPSA make available to the public?* The example contracts will provide base price determinations, the application of ledgers or accrual accounts, carcass merit premium and discount schedules, and the use and amount of noncarcass merit premiums and discounts. Other contract terms that will be reported include a variety of terms, such as quality and weight restrictions, length of contract, and use of packer specified genetics. We will summarize information on contract terms from the example contracts to provide as much information about contract terms as possible, subject to confidentiality protections specified in section 251 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1636).

We will publish in the monthly report as much information collected from packers each month as possible, subject to the requirement to maintain confidentiality as discussed above. We will calculate the aggregate 6- and 12-month totals from the information in the monthly reports received from all reporting packers and report the aggregates on a regional basis as listed below. We will use the same regions for reporting the monthly report estimate aggregates as described above for the summaries of contract terms from the contract library.

*What regions will GIPSA use for reporting?* The information we make available will be presented on a regional basis, as specified in sections 206.2(f) and 206.3(g)(2) of the regulations. Among the factors we will consider in

defining a region are: (1) Relevant marketing areas; (2) statutory requirements to maintain confidentiality and protect proprietary business information; and (3) AMS definitions of regions in its reports of swine prices.<sup>11</sup>

For example, we will review the AMS regions for which AMS reports hog prices. If we determine that we can provide more information by splitting an AMS region into more than one region, then we will determine whether the information can be presented for smaller regions and maintain confidentiality. Alternately, if we determine that releasing information for an AMS region will not maintain confidentiality, then we will aggregate the information into larger regions that will maintain confidentiality.

In order to ensure confidentiality, information will only be published if it is obtained from no fewer than three packers, and no packer represents a dominant portion of the region's total slaughter based on market share. The specific factor used to determine if a packer is dominant in the region will not be released, to further assure confidentiality by preventing anyone from using knowledge about the factor to reveal information that we will withhold. In any region or set of circumstances that leads us to be concerned about our ability to publish information while maintaining confidentiality, in addition to the expertise provided by GIPSA economists and industry experts, we will consult with USDA statisticians to ensure that confidentiality is maintained.

To further maintain confidentiality and provide useful information, we may change the regions over time. Initially, based on our analysis of swine processing plants and the AMS regions, the information will be published for the regions listed below:

- The Western U.S. region includes all states west of the Mississippi River.
- The Western Cornbelt region includes Iowa, Kansas, Minnesota, Missouri, Nebraska, and South Dakota. (This region will also be included in the Western U.S. region.)
- The Iowa/Minnesota region includes Iowa and Minnesota. (This region will also be included in the Western Cornbelt region.)
- The Eastern Cornbelt region includes all states east of the

<sup>11</sup> Even with the differences between the contract information we report and prices reported by USDA AMS Market News, producers and other interested parties will be able to review the information for consistent regions to understand contract terms and prices paid for hogs purchased through various methods.