

PRICE AND MARKET INFORMATION SYSTEM IN USA

Executive Summary

The visit to the Market News Service of the United States Department of Agriculture (MNS USDA) was carried out between July 12 – 16th, 2005.

Research was oriented towards two of the branches of the Market News Service, from the USDA, (Agricultural Marketing Service-AMS): a) Fruit and Vegetable Program and b) Livestock and Seed Program. To better understand the institutional structure, see Annex 16.1, 16.2 and 16.3 of Chapter 16.0.

According to the attached graph 16.1, the 9 Marketing and Regulatory Programs - Agricultural Marketing Service/AMS are the following: 1). Compliance and Analysis; 2). Cotton; 3). Dairy; 4). Fruits and Vegetables; 5). Livestock and Seeds –Livestock and grains-; 6).Poultry; 7). Science and Technology; 8). Tobacco; 9). Transportation and Marketing.

16.1—Evolution and actual status of the Market News Service in the USA

Price and Market information system in the USA

The Fruit and Vegetable Program has 8 branches and other dependencies (see Functional Structure in Annex 16.2), and among them, two stand out: 1) Market News Branch (Fruits and Vegetables) and 2) Perishable Agricultural Commodities Act - PACA-, which manages the Act which covers the perishable products. The other branches are: 3) Marketing Order Administration Board -MOAB; 4) Economical Analysis; 5) Fresh Produce (Inspection); 6) Processed Products; 7) Commodity Procurement; 8) Food Quality Assurance Staff.

PACA's interest is for buyers and sellers of fresh or frozen fruits and vegetables to comply with the terms of their contracts and supply formal and informal procedures to resolve their problems outside of the judicial courts. It is evident that the price information from the MNS is essential for agreements and may become the referee for disagreements between private parties.

Each one of the branches or areas of the Agricultural Marketing Service has specific functions; among them the execution of the price and markets information systems which is the task of this assessment - Market News Service, MNS. Its purpose is contributing to the promotion of the competition and the free and efficient interchange of food, vegetable fibers and other commodities in the local or international market to benefit the consumer. From the 9 indicated programs in Annex 16.1 of Chapter 16.0, 5 carry the Marketing News Service; Livestock and Meat; Fruits and Vegetables; Poultry; Dairy; Tobacco; therefore, in the USA there is not only one but five Agricultural News Services.

The Fruits and Vegetables Branch is in charge of the execution of the Fruit and Vegetables, Market News Services - MNS, F&V.

The other program indicated in the Agricultural News Service, Livestock and Seed Program, has 7 Branches, among which the Livestock and Grain, Market News Service-MNS, L&G-). See Annex 16.3 from Chapter 16.0.

Evolution in the price and market information systems

Legal Grounds

- Creation of the Marketing Office, 1913.
- Market News Service was created in 1915 with the first office of fruit and vegetables. Since 1993, the service takes international market prices as well under the International Market Report.
- The Shepherd Amendment in 1916 authorized the Department of Agriculture to gather and publish any information related to Marketing and distribution of livestock, meat and animal by-products.
- The Agricultural Marketing Act of 1946, gives ample authority to the Market News Service to gather, enter and diffuse statistics on marketing of agricultural products, statistics on the supplies to markets, in storage, stocks, in quantities, qualities and condition of the products at several layers of the marketing channels, the use of such products, shipping, unloading, and others.
- The Agriculture and Food Act of 1981 authorized collection to cover the costs of transmission of the marketing news via fax and postage, for printed copies, handling and sending the reports of the marketing news.
- The Livestock Mandatory Reporting Act of 1999) – is an amendment of the Agricultural Marketing Act of 1946, that orders to report on cattle, pigs, lamb and meat by-products, compulsory for certain cattle packers, meat products processors and importers.

Objectives

Accuracy of Information

The Marketing News reports play an important role in the market stabilization, helping with the flow of products and supplying the producers, shipping agents, gatherers, retailers, food service companies and operators with factual information on offers, supplies and prices. Very often the marketing reports are used by the industry to develop high ranking production and marketing plans. Marketing reports are used often in establishing claims for transportation, in the cases of Perishable Agricultural Products Act _PACA, and claims among litigants. The reports previously certificated by the Department of Agriculture are used in Court. The information from the Marketing News is very important not only in the USA but also internationally.

Fruits and Vegetables: The marketing news service on fruits and vegetables provides timely and accurate information on prices and supply of fresh fruits, vegetables, ornamental and special crops to assist buyers and sellers in their decisions, in transactions of products valued in over 150 billion dollars. The reports also contribute for decision making processes to farmers in the selection of the most profitable crops, storage times and definition of the best offer to accept.

Livestock and Grains: The main function of the Livestock and Grain Market News branch is to gather and diffuse information to assist producers, consumers and distributors in buying and selling cattle, meat, wool, grains and their raw material, local and internationally as well.

16.1.1—Size, organization and range of the system

The USDA MNS has been developed jointly by the Federal Government and the States; the former contributes with methodology, training, orientation, software and Know-how of the system, and each State contributes with regional personnel, offices and the operation of the processes.

Fruits and Vegetables: The Fruit and Vegetables Market News Service, F&V MNS obtains its information in 31 offices throughout the country; has cooperation agreements with 20 States for gathering and data analysis and has 92 Marketing Reporters, 72 Federal and 20 from the States.

Near to 61.000 yearly reports related to supply volumes, offer and prices for more than 500 fresh fruits, vegetables, nuts, ornamental and other special crops are generated. Information is gathered in 15 wholesalers' points in the largest cities and daily data on prices and volumes of the main gathering points (first-buyer markets) and the movement of products throughout the country are registered.

Livestock and Grains: The Livestock and Grain Market News Service, L & G, MNS, has its headquarters in Washington, DC and field offices in the States and two supervisory areas: West Area, comprising 20 States and East Area comprising 30 States. The instructions are directly issued by the Washington office to the field offices and to the offices of the area supervisors.

This service operates in the main production areas in the country, as well as in the important marketing chain points, such as the meat packaging industries, cattle auctions, grain elevators and other buying and selling points. It reports in 25 field offices and has 120 reporters, 80 Federal and 40 in cooperation agreements with the States, It produces nearly 47.000 yearly reports covering volumes for supplies, offer and prices of livestock, meats, grains and raw material for more than 1000 reported items (products with qualities and presentations).

16.2—Operative aspects of the system

Manuals, guides, dictionary

The Marketing News Service has written and updated manuals and guides for all the system's phases, with generalities, terminology, data collection, operation, processing and storage, preparation of reports, dissemination, personnel training, etc. concluding with complete annexes of abbreviations, glossaries, marketing dictionaries (functional dictionary).

Both manuals, Fruit and Vegetables, Market News Handbook y Livestock and Grain, Reporter Handbook are complete, updated and very didactic; they have several detailed glossaries and annexes with real case examples, which make excellent working tools

and permanent consultation documents. They are so easily worded that even a person with little or no experience in markets and prices may understand them. The manuals and guides are available printed for technicians, but they can be found in the internet with access at any moment as well.

The handbooks are didactic guides for the work of the reporters, with regulations on gathering, processing and dissemination of data. They are explicit and detailed, including recommendations which seem to be elementary but which are very important for the reporters' tasks with the purpose of ensuring good quality on data, which is the support of all informative process.

16.2.1-- Phase 1: Data collection

The process in each assessed branch is as follows:

I. Fruits and Vegetables

16.2.1.1—Items and information points

The Fruits and Vegetables MNS informs on prices and supply volumes of these groups of products commercialized in a natural state in two levels of the commercial chain, that is: Shipping Point¹ and Terminal Markets. The “data collection” point is very important in the methodology of the system which is the “basis of sale” and is determined by the place in which the transference of goods takes place between the seller and the receiver.

The *basis of sale* is the definition of the technical and commercial conditions for price collection which is accompanied by several specifications: “Prices represent open (spot) market by first handlers on product of generally quality and condition unless otherwise stated and may include promotional allowances other incentives. No consideration is given to after-sale adjustments unless others stated. Brokerage fees paid by shipper are included in the price reported.”

All the USDA MNS reports have the definition of “basis of sale” as a heading.

The main points for the data collection are:

A.—Shipping Point.

1)--F.O.B Sales. Shipping Point

The referred price is for the product sold and placed free on board in a ship, truck or any other ground transportation at a collection point in favorable conditions of shipping or

¹ The technical name in English is shipping point, which means verbatim in Spanish “Punto de Embarque”; however, there is no commercial term in Spanish to translate it. It must not be understood only as the shipping of a boat or a water transportation system, as would be the case in Spanish; probably the closest word in Spanish would be “Centro de Acopio”, or First sellers market or Rural Market, considered the phase or agent of the marketing chain where the product is sold and is prior to the wholesaler phase but is not the “price in farms”. In the USDA Information service, the shipping point may be rural, urban at the origin, or the entry to the market of a processed product of, or the entry of foreign goods. For example, Nogales, Arizona, is a shipping point (“point of entry” or “port of entry”) for collection of data on fruits and vegetables imported from México

cargo and that the buyer is liable for all risks for damage, delays in transit not caused by the seller, except for the negotiation for cargo conditions.

2)—Shipping sales. Shipping Point

The product is to be forwarded by the seller on a car, truck or port (when it is to be shipped) to the market of the buyer or to other market to be agreed to, free of all shipment costs for transportation or preservation service. The seller assumes all risks for losses or damage in transit not caused by the buyer.

3)--F.O.B. Sales. Point (or Port) of entry

It represents the sales of an imported product on an F.O.B shipping point basis, defining the shipping point as the crossing border point. It is an importing point with some obligations and costs for crossing the border or importation costs paid previously at the reported sales price.²

4)—Price Paid to Producers

It is the price paid to producers by the packing or shippers per sales unit and point of sales or transfer base (negotiation) most commonly used in the region.

B.—Terminal Markets

5)—Sales by Wholesalers

This is the most common sales basis at the large terminal wholesaler's markets. Prices include truck loading in the wholesaler's port but not the transportation to the clients.

6)—Sales by Service Wholesalers

These are frequent in small and mid-size markets where sales are handled generally by phone. The "service wholesaler" combines the functions and services of wholesalers and self-employed³, and the prices include transportation to the clients' business, determining the destinations.

The Shipping Point (origin markets) prices and in Terminals Markets correspond to two different levels of the chain and, as such, must be handled separately in the reports and in price statistics, without averaging.⁴ Between a Shipping Point and a wholesalers

² Very frequently, there are errors in Latin America when data gathering on MNS F&V, since the prices appear as F.O.B. shipping point basis port of entry, and that price is not understood that it could be F.O.B..The mistake lies in that the methodology of MNS defining all prices as "shipping point base F.O.B" at the entry to the country, that is to the local market. Price expresses the sale as "free on board of ..." any means of transportation. It is the price to which the price was sold entering a point of the USA. For a foreign observer, which is accustomed to seeing the border prices of a product imported by the USA, that price would be a C.I.F port of entry. That is why publication of international prices must be carefully stated.

³ Jobber is a small businessman which is an intermediary between a wholesaler and a retailer and gets a commission. Not an employee; a self-employed commissioner.

⁴ This investigation found errors regarding this in other Amisss previously studied, for they averaged the prices of the Origin Markets with those of the terminal markets, in order to convert them into "wholesaler

market, thousands of kilometers in transportation with its relevant costs are involved, plus the margins for the participating agents.

Information on supplies' volumes at the terminal Wholesale markets in the USA is almost impossible to obtain with reasonable error indicators and that is why they are not reported. On the other hand, data on volumes at the Shipping ports or shipping points is very reliable due to the institutional development of the producer's organizations, marketing agencies, marketing boards and others in the national market. A sure information source is at the customs entry of the imported products where the information base of the Animal and Plant Health Inspection Service, Aphis, now called Home Security, is relevant as well.

The Fruit and Vegetables MNS, pays more importance every day to the Shipping Points reports and the Wholesalers Market reports have been reduced; from 44 which were monitored before, to only 15, in part due to the loss of importance of the Wholesalers' markets which have reduced the proportion of food wholesalers from 100% a few years ago, to 20% actually. Every day direct sales from large business with physical structures and large facilities outside wholesalers' markets is more relevant, as well as direct sales between shipping point operators (companies, cooperatives, etc.) and large retail distribution chains.

16.2.1.2--Methodology in data gathering. Fruits and vegetables

In data gathering, the combination of personal contact, telephone contact and other means such as e-mail, fax and others. In the Wholesaler's Markets, the contact is more personal but there is important collaboration among the businessmen; a wholesalers' market may have 1.000, 2.000 and even 3.000 and is seen to by 1 to 3 marketing reporters in daily contact. Apparently, it would be an impossible task to fulfill should there be no cooperation from the agents. They are long time work achievement and personal approaches by the MNS and the market operators.

In cases where there is doubt on the prices issued by the wholesaler, the Report sees the data taken by the system in the "Shipping Points" which makes a relation between the daily prices and the volumes at the "origin" of the chain. These quotations must be lower than the Terminal Market in an average which experience has taught the Reporters and which proves the veracity of the data observed at the terminal.

The market report at a gathering and production point, or Shipping Point Market demands coverage of an extensive geographical area and the personal contact is less frequent; telephone is used extensively and the reporters need to be more analytical with the Market. But at this level, it could be said that data on prices and volumes is generated with less difficulty since the agricultural and livestock offer in the USA is more concentrated in large companies or their producers are associated to marketing boards (*commodities boards*) and others.

Participation is key when obtaining data on prices and volumes supplied at the *Shipping Points*, from the agents in the local market as well as the *Marketing Boards* per product, the businessmen and other agents connected with the original markets,

prices"; in each case the corresponding observations were made. This is due mainly to the lack of a "Technical and Concept Framework" of the information system which allows for learning about the chains and the points where the price collection is made.

contributing thus, in a large percentage, with the information required. Actually, the majority of information arrives to MNS via electronic mail, fax and telephone.

The MNS reporter requires a few in-field visits for gathering data; it is only during the first years that the data collecting at the *shipping points* a great deal of work by the Service was necessary to arrange the cooperation agreements between the organizations and the MNS. They were years of approaches and training to the producer's organizations and marketing operators, as well as prizes and rewards (not in cash) and even certain pressures from the MNS to achieve an effective level of response. Full trust has been achieved in prices and a 92% data on volumes received at the *Shipping Point* where data and celerity of the reports received from the sources is very important.

The time-schedule is relevant. While at the Terminal Market marketing is done at very early hours in the morning, at the gathering points (*shipping point*), transactions are made during the day and the marketing information, as a general rule, is collected late in the morning or after mid-day.

Data gathered in all cases is the **sellers' price** from the *Shipper* or from the wholesale agent, respectively, but with some frequency the reporter inquires from the buyers' agent on the **buyers' price** in order to verify the sellers' data. The military, government buyers and other commercial agents are an excellent source of price information and verification as well.

In the importation market, the important sources of information are the shipping agents exporting to the USA; customs reports demanded by customs and control entities (APHIS- now Home Security) and DEA are consulted. These reports nowadays are more demanded, due to laws on terrorism and the exporting agent to the uSA must forward complete information on shipments, from a period previous to 24 hours before the arrival of the products, which is sent to the authorities and is a source of information.

Key variables of the methodology of data collection for MNS: a) achieve an "information culture" and b) have good reporters in the market, which starts with the demanding recruitment of reporters and continues with strict training which, in Fruits and Vegetables is a minimum of 45 weeks and maximum of 65 weeks, thus:

- Orientation: 2 weeks
- Computer operation: 1 week
- Office Duties: 2 weeks
- Market Reporting Terminal: 30 to 40 weeks, gathering, entering and price dissemination, comments on the situation of the market, weather information and others.
- Supply Reporting Shipping Points: 2 to 4 weeks, gathering entering and dissemination of supplies ("shipments").
- Marketing reports in gathering centers and shipment -Market Reportig Shipping Points -: 8 to 16 weeks, gathering, entering and dissemination on demand, prices, supplies, comments on market situation, trends, rates on truck transportation and others.

II. Livestock and grains branch.

16.2.1.3--Coverage.

This branch involves the following information:

- Location and period during which transaction occurs.
- Price and applicable discounts or awards
- Market prices trends.
- Transaction volume, date of delivery, weight and other selling conditions such as cuts, parts, etc.

The exact terms for official standards are used and applied in the Market reports. Local or indefinite terms are not used.

16.2.1.4-- Methodology in data collection. Livestock and grains

Livestock and Grains have two instruments, which are:

- a) Mandatory Report (obligatory).
- b) Voluntary Report.

Mandatory Report

As per the Mandatory Reporting Act of 1999, all Packing companies that slaughter more than 125,000 cattle heads or more a year must provide information to the USDA Market News regarding everything that has been negotiated, **formula**⁵ sales and **forward**⁶ contracts, including for the livestock owned by the Packing Company, along with information of the omitted days and remission numbers.

The Law obligates those plants that slaughter over 125,000 cattle heads a year, report all domestic sales and those of boxed-meat. As for pork, the packing companies that slaughter 100,000 or more pigs a year must report as well.

The Secretariat of Agriculture was invested with the authority to create a mandatory lamb reporting program, which provides that the packers who slaughter or process an equivalent of 75,000 animals or more per year must report information regarding transactions involving lamb carcasses or boxed-lamb. In addition the importers who import 2,500 metric tons of lamb per year must also report their domestic sales of boxed-lamb.

Voluntary Reporting and auctions

Volume of Sales Reported. For the direct commercial reports, reporters collect the prices and volumes sold only at the feedlots⁷. The volumes included in the voluntary report may not include all the transfers throughout the region, but they do provide the

⁵ Formula is an agreement between the buyer and the seller, which sets a reporting price as a starting price, which is then adjusted to the market conditions agreed-upon.

⁶ Future contracts.

⁷ Feedlot is an extensive fattening system for livestock in stables, and consisting of feeding them balanced and other intensive fattening products. In USA, feedlot is the predominant system for cattle fattening

industry with additional information when transactions initiate. The complete sales volumes are provided in the direct trade mandatory report.

Therefore, this portion involves a combination of data collection methods between the mandatory report required by the Law and the voluntary report, based on the long-established relation between MNS and the businessmen and agent operators, which permits a swift data collection system that covers great part of the chain.

16.2.2--Phase 2: Data Processing and Value-Adding.

16.2.2.1—Structure and Technology.

The processing of information includes:

- Report Content
 - Prices
 - Volume
 - Trends and market behavior
 - Quality of the Product

- Types of Reports
 - Narrative
 - Tabular
 - Summary

- Confidentiality of the information

Computing Operation: The Officer in charge of the Market News Office is accountable for ensuring that the computer is in service during regular office hours. All employees of this office must be trained in order to operate the computer and provide the interrupted transmission of reports and messages during the annual vacations period or during any emergency departure of the staff. This includes sending and receiving market information, messages and entering the information to the Oracle Database.

The Support Unit of the Market News (Market News Support Unit –MNSU-) has the overall responsibility of supervising the Backweb and BW_USDA software clients, which is used to transmit and receive the market reports. Each Market Report Office was assigned with a sensible schedule for regular reports.

16.2.3--Phase 3: Dissemination of information.

16.2.3.1—Types of Reports and content.

The Market News Services covered (Fruits and Vegetables and Livestock and Grains) provide the following reports (excluding grains in Livestock and Grains, for this subject was not included in this consulting task).

I. Fruit and Vegetable Branch.

I.1--Reports at the Shipping Points

1) - F.O.B. Price Reports

These reports deliver F.O.B. selling prices at the shipping points and at entry ports. It includes shipping volumes of trucks and trains.

2)—Auction Reports.

These reports provide a list of auction prices to producers. It also includes sales volumes, whenever available.

3) - Shipping Point trends nationwide. Fruits, Vegetables and Ornamentals

This is a weekly report that includes the data background for multiple shipping points for subjects such as shipping, prices and trade during the prior week, conditions of the crops, crop progress and an outlook for the next two weeks.

4)—National Truck Cost and Rates Report.

Weekly report with the freight rates for most of the shipping areas in USA. These correspond to the rates between one shipping area to seven major commercial cities of the country, including Montreal, Canada.

5)—Crops for Processing.

Volume in tons, issued to the processors, including total amount to date for the season. Year to Year Comparative and total amount to date, if available. Demand and trend of the market. *Marketing order* regulations. Prices ranges for the week, sale bases at the open market, producer prices, deliveries to processing plants, other important comments such as progress of the crops, quality and influence of time, transportation, etc.

I.2—Wholesaler market report (Terminal).

The price reports at terminal markets are issued on a daily basis, based on information collected in the country's 15 largest cities.

I.3—Supply, Fruit and Vegetable Truck Movements

Almost 80 per cent of all fresh fruits and vegetables transacted in the wholesaler markets are transported in trucks. There are no volume records, but there is of normal and reliable transportation. Includes shipping by truck, train, boat and air, with certain limitations.

II. Livestock and grains branch.

II.1—Slaughtered Livestock.

Mandatory Report

- **Negotiated Purchase**

- **Future Market Agreement**
- **Future Contract**
- **Livestock of the Packer**
- **Narrative**

Slaughtered livestock average report

The five areas of direct trade included in the slaughtered livestock average report are: Colorado; Iowa-Minnesota; Kansas; Nebraska; and Texas-Oklahoma-New Mexico.

Voluntary reporting and auctions

- **Reported Sales Volume.** For the direct commercial reports, reporters collect the prices and volumes sold only at the feedlots⁸.
- **Narrative.** Narrative reports in voluntary reports or auctions include detailed comments. The current weather, pastures and feeding conditions are mentioned, along with other comments that accurately describe the price differences for the slaughtered livestock.

II.2—Feeder Cattle Report ⁹

Livestock reports are responsible for collecting an acceptable record, including all the facets of livestock ready to be shipped to the slaughterhouse trade, also including direct trade, livestock auctions, auctions through video or the Internet and sales of *boards*. This information is a cross section of the day and week of trade. This information indicates the supply, demand, commercial activity and the price trends in representative cattle weights, grades and types.

The content of the reports includes market information such as grades, weight ranges and price margins.

Feeder Cattle Market Report

- **Market Auction reports.**
- **Average Reports.**
- **Direct Trade Reports.**

II.3—Replacement Livestock

II.4—Meat and meat by-product reports

⁸ Feedlot is an extensive fattening system for livestock in stables, and consisting of feeding them balanced and other intensive fattening products. In USA, feedlot is the predominant system for cattle fattening

⁹ Feeder Cattle. In Spanish it may have multiple names; it is known as “ganado terminado”, which is that that is ready to be sent to the slaughter house, also called “ganado gordo” ready to go to the slaughterhouse as well. Each country has its own commercial name. Literal translation would be “ganado alimentado” (fed cattle)

Information regarding meat and meat by-products is collected through the mandatory and voluntary reporting system. Information on pork and veal meat, by-products and leather (leather or skin of large cattle), is collected through the voluntary reporting system.

II.5—Sheep, Lamb, and Goat Trade

Based on mandatory and voluntary reports

II.6—Wool and Mohair Trading

II.7—Slaughter Hog Reporting

- **Mandatory price reporting system**

- **Report of carcass based prices.**

The data of this report are taken electronically from the packing plants that slaughter 100,000 or more hogs a year.

The office that disseminates this Mandatory Slaughter Hog Report is located in Des Moines, IA.

II.8—Feeder Pig Reporting.

16.2.3.2—Disseminated Information

To summarize, the MNS Fruit & Vegetables Reports are spread as follows:

- Daily, 238.
- Weekly, 123.
- Twice a week, 61.
- Monthly, 9.
- Annual, 25.

Reports per year: 60.940; the reports for Livestock and Grains are equivalent to 900 per week, for a total amount of 47.000 per year approximately.

16.2.3.3—Rules for Information Dissemination.

No report is disseminated before the approval of the Washington office. The new reports receive an ID assignment number by Washington for identification and electronic transmissions.

All Reports disseminated by the market news offices are official documents of the Department. Written reports are frequently certified with the seal of the Department of Agriculture, so they may be used as evidence in court proceedings. The reports are written in clear, positive and accurate terms, allowing no doubts about their meaning. Ambiguous terms and expressions are avoided. Insignificant emphasis on statistics is also avoided. The daily language of the producers or other agents using the reports is

used. A uniform terminology increases the value of the reports nationwide. The use of indefinite or nonstandard terms may generate confusing reports.

A complete list of reports may be found in the *Fruit & Vegetable Market News User Guide* available on the Internet at <http://www.ams.usda.gov/fv/mnacs/index.htm>; for Livestock and grains, refer to <http://www.ams.usda.gov/LSMNpubs/allrep.htm>

The reports have a precise schedule for preparation and dissemination which has been defined in the manuals. For instance:

National Boxed Beef Cutout and Boxed Beef Cuts

LM_XB402 is released everyday at 11:00 AM CST (Central Standard Time).

LM_XB403 is released everyday at 3:00 PM CST

LM_XB459 is released each week on Friday at 4:30 PM CST

National Weekly Boxed Beef Cuts-Formulated Sales

LM_XB454 is released every Monday at 10:00 AM CST

Daily Reports: All reports called “afternoon reports” include the numbers coded between 9:30 AM and 1:30 PM of the current day. All reports called “morning reports” include those coded between 1:30 PM of the previous day and 9:30 AM of the current day. All reports called “summary reports” include the codes between 9:30 AM of the previous day and 9:30 AM of the current day (there are afternoon and morning summary reports).

All afternoon reports are released at approximately 3:00 PM Central Standard Time. All morning reports are released at approximately 11:00 AM Central Standard Time. All summary reports are released at approximately 11:15 AM Central Standard Time.

16.2.3.4—Dissemination methods and means

The following are the most important methods and means:

- Electronic delivery through the Market News Communication System (MNCS), to the secondary disseminators such as Associated Press and DTN.
- Newsletters recorded on the phone.
- Preparation of radio, press and press services news, adjusted to the release schedules.
- Industry requirement responses.
- Fax deliveries
- Mail Reporting.
- Subscription services. E- mail service.

Each market news office in the country provides a convenient place and means to make the market reports available to press representatives, commercial agents and other visiting the office.

The main dissemination media are the Internet and the website, but Radio and TV are also important. MNS Fruit & Vegetables Website visitors amount to approximately 19.000 daily between Monday and Friday, and 4.500 per day on the weekend (almost 6

million per year). MNS Livestock and Grains website visitors amount to approximately 10 million per year.

MNS manuals are very explicit in their orders to the staff involved in telephone recording newsletters (phone newsletters), the contacts with dissemination media (press, radio y TV), and press associations (Associated Press, United Press International, and Reuters), and the search of opportunities to find information dissemination means, among them the voiced provision of news to the local radio or TV stations.

16.3. Conclusions.

The general conclusions are the following:

- **An accomplishment: information culture.**
- **An interesting development: A process of persons.**
- **The development of procedure manuals and methodology.**
- **The legal frame of the market news service.**
- **Dissemination efforts.**

A more detailed explanation of the above is provided below:

A reader of this report may conclude that a market information system with many resources such as USA MNS, must have many strengths thus making it incomparable to the systems used in Latin America, which lack resources and therefore should evidence greater weaknesses. To avoid a comparison from the resource point of view, in the case of USA we shall highlight the issues related to the conceptual administration of the system, with ideas being developed and the service-rendering initiatives. We shall also take into account other factors more related to human administration, which are necessary for the construction of a government service with defined purposes, and in a process that demands time and persistence.

Bearing this in mind, certain USDA MNS factors are highlighted, searching for lessons and reference points for the different information systems of other countries.

a).- Information culture.

MNS has built an information culture step by step, throughout all its years of evolution, which now makes it possible to obtain most of the information by the telephone, Internet and other media, with little need for personal interviews. In most cases, the “information arrives” and sometimes it does so in excess. But this has required years of construction and an ongoing labor.

What must be highlighted about MNS is not the technical resources it has had, but the permanently sought purpose: to gain the trust and cooperation of the two sectors supporting the information system: a) the participants of the chain who willfully contribute the data with interest; b) the users of the information who deem it as a necessary commodity. The MNS may not disappear in USA; a first reason is that the contributors of data would not allow it

b).-A process of persons.

MNS has developed a human capital that may well exceed the “technical capital”, that is, the “technical platform used”, that is, material things. No doubt there is a great technical capacity (hardware, software, manuals, etc.), that although are important, are not relevant for MNS, which is not the case of the human element. It seems that an important personal development has been achieved, starting with the Reporters; without it, they would not have obtained the accomplishment level of MNS despite its installed technical capacity; to the contrary, USDA’s investment would have resulted in heavy losses

This comparison and contrast between the “technological” and “human” factors is highlighted, for this Consulting task has evidenced during the analysis of 19 AMIS, in which there is a relatively high investment in the “technical platform”, be it equipment or goods, the personal development of the technicians accountable for its execution has not been taken care of, and under those conditions, the results of Amis are not encouraging, as is the case with their medium term forecasts.

This human component of the USDA MNS makes the Reporter outstand as the backbone of the system. The service places on their heads the greater responsibilities, to the point in which he/she is the price collector, the filter, processor and disseminator, as well as a teacher for other reporters. This factor is unknown by other Amis, especially those in which the Reporter may be the less important person of the system and where the priority is assigned to the office staff, chiefs and “analysts” who may not analyze anything without knowing and feeling the markets.

An external observer of the MNS may believe it has generated an “Irreplaceable Reporter”, which would be a concern, for should not be “irreplaceable persons” in a company, but apparently for the MNS a Reporter may only be replaced by another Reporter. And the Service’s methodology always assures there is a group of reporters being trained.

Bearing this in mind, MNS has the philosophy that “all officers are Market Reporters” and this is true not only for the Headquarters in Washington D.C., but also for the field offices. This is a reality, for the officers are able to replace a Reporter anytime, anywhere in the country

c).- Procedure Manual and methodology.

The USDA MNS rapidly evidences that there has been constant concern for work methodologies, which are permanently updated according to the evolution of the facts and experiences. All work phases and activities are regulated and converted into manuals and learning aids developed carefully, in order to support the work of the technicians.

d). - Legal frame of the market news service.

USA has an ancient legislation that provides the legal frame for the information system, a practically unknown aspect in Latin America, where the information

services have arisen from projects or initiatives of a Ministry (Agriculture, almost always), but are rarely supported by a law.

An important and recent example of this legal base may be found in the *Livestock Mandatory Reporting Act of 1999* which forces certain participants of the product chain to deliver timely and accurate information. This has forced the companies to carry out important investments to take care of the information requirements, which initially generated concern, but the entire foodstuff industry has recognized that the investment pays off in view of the results.

e). - Dissemination efforts.

Notwithstanding the fact that the MNS dissemination portals evidence high consultation records originated around the world, the additional effort made so that the offices may disseminate the information regionally and through media different than the electronic, such as newspapers, radio and regional TV, must be mentioned, along with the voice newsletters.

The news services must not be designed to only serve the companies and persons with appropriate communications, such as Internet users, but it is also necessary to make a great effort to reach areas that are on the rear end of the communication, as is usually the case with rural, small and medium organizations and companies that are important in all countries.

What is evidenced in USA is very basic yet solid: the Reporter generates the news, filters it “in situ” with very clear and structured methodological tools from the operation manuals, but mainly in an extensive and permanent teacher training (he/she is a teacher by training and also teacher for new Reporters). So the data the Reporter delivers to the MNS system are the data to disseminate and do not pass through a prior filter, but through a posterior revision of quality control, which rarely finds deficiencies..

This resembles the reality of a newspaper: the reporter seeks the news, processes it providing it content according to the character and the features of the reporter who “lives the news”, and it is with such character they are disseminated to the public. The difference is that the market and price information system have a technical frame and a language established by the manuals, which avoids dispersion and confusion.