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Agricultural Contracting Update: Contracts in 2003

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Abstract

Marketing and production contracts covered 39 percent of the value of U.S. agricultural production in 2003, up from 36 percent in 2001 and a substantial increase over estimated values of 28 percent for 1991 and 11 percent in 1969. Large farms are far more likely to contract than small farms; in fact, contracts cover over half of the value of production from farms with at least \$1 million in sales. Although use of both production and marketing contracts has grown over time, growth is more rapid for production contracts, which are largely used for livestock.

Keywords: contracts, contracting, marketing contracts, production contracts, vertical integration, vertical coordination, market structure, risk analysis, price signals

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Contents

Summary	3
What Are Agricultural Contracts?	5
Data on Contracting	7
Other USDA sources for data on agricultural contracts	7
How Contracting Has Grown	8
Contracts cover a growing volume of production	8
Contracts and commodities	11
Prices, Fees, and Terms in Agricultural Contracts	16
Marketing contracts for field crops	16
Production contracts for broilers and hogs	18
Conclusions	22
References	23
Appendix: Contract Questions in the 2003 ARMS Survey	24