



NEWS RELEASE

TEXAS CATTLE FEEDERS ASSOCIATION

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For Immediate Release

November 18, 2010

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TCFA Chairman Says Government Is Creating Obstacles For Beef Industry

Texas Cattle Feeders Association (TCFA) Chairman Mike Engler opened the Association's Annual Convention by applauding the industry's current good fortunes and soberly noting that wounds incurred in the all too recent past haven't fully healed.

The Convention attracted approximately 400 cattle feeders to Oklahoma City.

"This is the first time in a long time that the chairman of TCFA has been able to address our Annual Convention while cattle feeders are profitable," Engler said. "But for the life of me, I can't get too excited because I am all too aware that the prolonged bad spell we experienced over the past several years caused an uncommon degree of suffering. This time around, there were real casualties in our ranks and war chests have been depleted. And today, uncertainty and volatility remain as high as ever. I know that as breakevens jump higher and markets drift lower we'll be underwater again, and possibly soon."

Searching for the causes of the industry's struggles in the past several years, Engler said he saw "two culprits" – the international economic collapse and the bad policies of our own government, especially federal ethanol subsidies that drove feedgrain prices to unmanageable heights. While conceding that the global economy is like "the forces of nature" and cannot be controlled, he maintained TCFA's longstanding criticism of ethanol supports.

"I'm afraid we're seeing a case where the past is indeed prologue. We got a reminder of the government's misguided idea to decrease dependence on foreign oil by subsidizing corn-based ethanol when the EPA approved a 15% blend rate for newer automobiles. High priced grains and volatility in those markets are once again making efforts to project costs of gain and breakevens hazardous to your economic health. Using food for fuel while cereal crops worldwide are proving disappointing can only lead to shortages and food inflation."

Mounting federal debt that is certain to lead to tax increases, environmental regulations that are not based on sound science and the government's failure to address beef trade are other obstacles the government has imposed on the cattle industry's efforts to become healthy again, Engler said.

Engler also took aim at the regulatory changes for livestock ownership and marketing proposed by the Grain Inspection, Packers and Stockyards Administration (GIPSA). Engler said the GIPSA Rule will undermine competition and rob cattlemen of their "right to keep their business contracts private." He said the rule also threatens to create such

a fear of lawsuits that the incentive to produce high quality beef will be lost.

"Packers faced with increased liability will likely back away from value-based marketing. Pricing based on premiums and discounts will be discouraged," he said.

Despite the many challenges, Engler encouraged cattle feeders to maintain the optimistic spirit that has served the industry well for generations. "As we go forward, despite the obstacles others may put in our path, there is inspiration in our heritage," he said.

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