



# TEXAS CATTLE FEEDERS ASSOCIATION

## NEWSLETTER

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**The Canadian Cattlemen's Association (CCA) Says COOL Has Been Made Worse** by the labeling guidelines issued last week by U.S. Ag Secretary Tom Vilsack. And, in response, CCA is calling on the Canadian government to renew its WTO trade challenge against COOL.

If Vilsack's guidelines are adopted, CCA President Brad Wildeman said COOL "will become even more onerous, costly and impractical than it is now, and extremely trade disruptive. The threat of forcing 'voluntary' compliance is tantamount to creating a de facto rule that's very damaging to Canada's red meat industries, as the U.S. industry will likely ease their compliance burden by avoiding purchase of imported animals and beef."

In a letter to meat industry representatives last week, Vilsack said he would not initiate a new round of rulemaking for COOL and will allow the current rule to take effect on March 16. However, he stipulated that, to avoid a reworking of COOL, packers must voluntarily comply with labeling standards that strictly limit the use of multinational labels.

Wildeman said, "This latest action by the USDA exacerbates the already clear U.S. violation of NAFTA and WTO trade rules. When the final rule was adopted by the Bush administration in January, we felt a pause in Canada's trade challenge was in order to evaluate the market response. But this latest protectionist action makes it very clear that Canada must use every tool to challenge actions and policies that will harm the Canadian industry. It's obvious that the U.S. has no intention of creating a workable solution for the industry."

CCA representatives met with Canadian government officials Tuesday. But as of today, there has been no announcement by the Canadian government regarding any new WTO action.

**A Funding Bill Approved By The U.S. House Of Representatives** Wednesday includes \$1.09 million that TCFA requested for air quality research. The research effort will be led by Texas AgriLife Research in Amarillo with partners including Texas A&M University, West Texas A&M University, Texas AgriLife Extension Service, Kansas State University and USDA-ARS.

In total, the Fiscal Year 2009 Omnibus Appropriation Package provides \$410 billion for programs across the government spectrum. The bill has been sent to the Senate, where leaders indicate they will finish work on the bill by March 6. The agriculture appropriations portion of the bill amounts to \$20.5 billion, an increase of \$2.5 billion over FY08.

Some other provisions that impact the cattle industry are:

- Veterinary Medical Services Act - \$2,950,000
- Funding for the Animal and Plant Health Inspection Service (APHIS) includes:
  - Cattle tick research - \$9,907,000
  - FMD and foreign animal disease research - \$4,000,000
  - Tropical bont tick research - \$425,000
  - National Veterinary Stockpile - \$3,739,000
  - Brucellosis management - \$9,584,000
  - Johne's disease research and management - \$6,821,000
  - Tuberculosis management - \$15,657,000
  - Wildlife Services operations - \$76,047,000

The bill also provides \$9.6 million for enforcement of COOL.

**The 81<sup>st</sup> Session Of The Texas Legislature** is gaining momentum and committee hearings are well underway. Over 3,300 bills have been introduced thus far, and TCFA staff are busy reviewing them and meeting with legislators in Austin. Several bills addressing issues important to cattle feeders have been introduced including animal identification, animal welfare, eminent domain, environmental monitoring (air and water), property taxes and water conservation. You can view all of the bills that TCFA is tracking by going to [http://www.tcfa.org/Newsletter/key\\_state\\_legislation\\_2009.pdf](http://www.tcfa.org/Newsletter/key_state_legislation_2009.pdf). This list will be expanded and updated as needed.

**Federal Court Rejects Petition on Regulation of Dust:** This week, the D.C. Circuit Court Of Appeals denied a petition by NCBA and other groups challenging EPA's final National Ambient Air Quality Standard adopted on October 17, 2006. In the petition, NCBA challenged: (1) EPA's decision to retain a daily standard for coarse Particulate Matter (dust), including use of the standard in rural areas; (2) the daily standard set by EPA, which is not needed to protect public health and (3) the measurement indicator adopted by EPA which would measure both coarse and fine dust particles.

The Clean Air Act is intended to regulate pollutants that cause adverse health or environmental effects. NCBA asserted that EPA's regulation of rural coarse dust is unfounded, especially when there are no health studies showing a concern with coarse dust.

The provisions of the Clean Air Act are implemented by state regulatory agencies and any exceedance of the coarse dust standard in rural areas could result in additional regulation. Coarse dust in rural areas can be generated by soil tilling, cattle movements in feedyards, driving on unpaved roads, planting and harvesting, and other agricultural and rural activities. A nationwide network of air monitors is used to determine compliance with the air quality standard.

The full implications of this week's decision, as well as potential additional challenges to the EPA standard, are being evaluated by TCFA and NCBA.

**TCFA And NCBA Are Opposing Changes To The Endangered Species Act (ESA).** House Natural Resources Committee Chair Nick Rahall (D-W. Va.) is sponsoring HJR 18, which would nullify regulations issued by the U.S Fish and Wildlife Service (FWS) and National Marine Fisheries Service (NMFS) to update their joint consultation procedures under the ESA. Under the regulations issued in December 2008, proposed federal actions that are determined to have no adverse effect on a species listed under the ESA are no longer required to be approved through consultation with FWS. Relieving the FWS of the duty to be involved in actions least likely to impact a listed species will free up its scarce resources to address more of the actions that are likely to harm species.

**Attempting To Block The Union Card Check Legislation** pending in Congress, three Republican members of the U.S. House Education and Labor Committee have introduced H.R. 1176, "The Secret Ballot Protection Act." A news release from Rep. John Kline (R-Minn.) says the bill would guarantee workers the right to a secret ballot election conducted by the National Labor Relations Board (NLRB) and prohibit unions from pressuring employees to organize through the "card check" system. Joining Kline in introducing the bill were Reps. Tom Price (R-Ga.) and Howard "Buck" McKeon (R-Calif.). The bill has 103 co-sponsors in the House.

**Legislation Aimed At Reducing Concentration In The Livestock Industry** is being reintroduced by U.S. Senators Chuck Grassley (R-Iowa) and Russ Feingold (D-Wis.). Grassley told *Brownfield* that S.460 will require 25% of a packer's daily harvest to come from the spot market. The climate for passage of this legislation is better now, Grassley said, "Because there's a newer Congress that's a little more liberal, and a lot of Republicans would find my legislation antimarket." Grassley said he considers it a legitimate role for government to preserve entrepreneurship.

**Formation Of The "Congressional Animal Protection Caucus"** was announced this week by two Members of Congress who will serve as the group's co-chairs: Reps. Jim Moran (D-Va.) and Elton Gallegly (R-Calif.). A news release from the co-chairs describes the caucus as "a bipartisan organization committed to raising awareness of animal welfare issues in Congress" through non-partisan forums and briefings and by tracking the progress of relevant legislation. The two congressmen credit the caucus' predecessor — the Friends of Animals Caucus — with tightening animal welfare laws in the 2008 Farm Bill. The new caucus' agenda will include legislation to ban horse processing. The co-chairs' release included a quote from HSUS President & CEO Wayne Pacelle, who said his group looks forward to working closely with the caucus and the entire Congress.

**Nominees For Key Positions Overseeing Livestock Policy** were announced by President Obama this week. Dr. Kathleen Merrigan has been nominated to be the deputy secretary for USDA. Her previous government experience includes serving as administrator of USDA-AMS in the Clinton Administration from 1999 to 2001, serving on the Senate Ag Committee staff from 1987 to 1992 and working in the regulatory

division of the Texas Department of Agriculture from 1982 to 1985. The president has nominated Jon Cannon to be deputy administrator at EPA. Cannon served in numerous positions at EPA during the Reagan, George H.W. Bush and Clinton administrations, eventually rising to the position of general counsel. Also nominated was Tom Strickland to be assistant secretary for Fish, Wildlife and Parks at the Interior Department. Strickland is currently the chief of staff for Interior Secretary Kenneth Salazar and previously served as a U.S. Attorney in Colorado. For more information on the nominees, go to

[http://www.whitehouse.gov/the\\_press\\_office/President-Obama-Announces-Key-Administration-Posts/](http://www.whitehouse.gov/the_press_office/President-Obama-Announces-Key-Administration-Posts/).

**Impact Of U.S. And Global Economic Woes On The Cattle Industry:** According to Gregg Doud, NCBA's chief economist, the current economic situation for the beef industry is unique in that it encompasses a number of variables that seldom, if ever, are all pointing in the same (downward) direction at one time.

Historically, about 50% of U.S. beef is consumed away from home, at hotels, restaurants and institutions (such as schools). This demand is always a key economic driver for the beef industry, as it involves a sizable portion of our highest value items, including steak. One of the biggest indicators that disposable income is on a downward trend can be seen in a reduction in the number of meals eaten outside of the home. There is no question that we have seen this trend since last fall. However, we have seen these effects somewhat offset by a positive recovery in sales at grocery stores.

The drop credit is another unique factor that has contributed to a decline in live cattle prices. A decline in the demand for staple consumer items such as shoes and leather car seats, along with the collapse in crude oil prices which directly affected the price of tallow, had led to the drop credit falling from roughly \$170 per steer last summer to around \$90 in 2009.

After a stellar performance for beef exports last summer due to the relatively low value of the U.S. dollar against most other currencies in the world, the value of the dollar has appreciated considerably since mid-October 2008. In the past four to five months, the dollar has risen from 11:1 to nearly 15:1 against the Mexican peso, and from 1200:1 to more than 1500:1 against the South Korean won, significantly detracting from consumers' buying power in these key export markets.

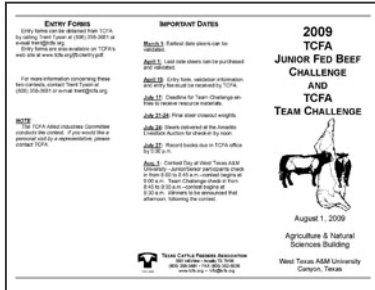
According to Doud, despite these odds, beef demand at the retail level has remained fairly strong. "While we've seen significant competition from pork and poultry at the retail meat case, heavier cattle weights have, until recently, resulted in a steady supply of beef entering the marketplace," says Doud. "And while our industry has seen historic losses in our feedyards, we're confident that some warm weather this spring will encourage U.S. consumers to get their grills uncovered, cleaned up and primed for some of the best values on steak we've seen in years."

**Members Of The Governors' Biofuels Coalition Are Asking EPA** to issue a waiver to allow the sale of 13% ethanol blends, *Brownfield* reports. The coalition's chair, North Dakota Governor John Hoeven, calls the request an initial step toward pressing for even greater increases in the blend percentage. Iowa Governor Chet Culver, the coalition's vice chair, says the Obama Administration has been encouraging and that Ag Secretary Tom Vilsack will help make the request for higher blends.

**Meanwhile, Growth Energy** — an organization of producers advocating government policy to support ethanol — has announced that Tom Buis will become the organization's CEO on March 16. In taking the post, Buis will leave his position as president of National Farmers Union. Growth Energy has also announced that Jim Nussle will join its board of directors as a special adviser. Nussle is a former Iowa Congressman and also served as OMB Director in the Bush Administration from 2007 to 2009.

**California Officials Are Barred From Enforcing A New State Law Concerning Non-Ambulatory Animals** under a preliminary injunction issued by a federal court. The law prohibiting harvesting of non-ambulatory livestock for human consumption is being challenged by NMA and AMI. In issuing the injunction, the court said the law intrudes into matters of federal jurisdiction, *Feedstuffs* reported. NMA and AMI argue that animals often become non-ambulatory due to injuries, not disease. The two organizations say they plan to seek a permanent injunction and judgment that the law is preempted by federal rules. HSUS has intervened in support of the law. California officials have not said whether they plan to appeal the court ruling.

**Food Treated By Irradiation Is Generally As Nutritious** or better than the same food treated by conventional processes such as cooking, drying or freezing, according to a Grocery Manufacturers Association (GMA) white paper. Irradiation is touted by many food safety experts as a safe and effective tool for helping control foodborne pathogens, according to GMA, which also reports that studies have shown consumer willingness to buy irradiated food if irradiation's purpose is clearly understood. To read the full report, go to [http://www.gmabrands.com/publications/SPP\\_Irradiation5.pdf](http://www.gmabrands.com/publications/SPP_Irradiation5.pdf).



**The 2009 Junior Fed Beef Challenge** is open to all junior cattle feeders throughout the TCFA membership area. Validation opens March 1 and steers can be validated anytime between March 1 and April 1. Students from all corners of Cattle Feeding Country will be competing for over \$18,000 in scholarships, cash and prizes. See the included brochure for important dates and contest information. Or log on to [www.tcfa.org/jfbc/jfb.html](http://www.tcfa.org/jfbc/jfb.html) to see the official rule book and other contest information. For questions and to acquire contest ear tags contact Trent Tyson at (806) 358-3681 or email at [trent@tcfa.org](mailto:trent@tcfa.org).

### ...Feeders And Feedyards in The News...

**TCFA Chairman Monte Cluck** talks about his ongoing career in cattle feeding, ranching and farming in the current edition of *Territorial Magazine*. Cluck is managing general partner of Dean Cluck Feedyard (founded by Monte's father in 1961) in Gruver. Having grown up in a family of cattle feeders, Cluck said he's been in the business his entire life. Although the industry's technology has changed, "I like to think that the old values this industry was founded on – honesty, integrity and hard work – haven't changed," said Cluck.

**Former TCFA President James Herring** is the new president-elect of CattleFax, a member-owned and member-directed market information, analysis, research and educational service organization serving beef producers in all segments of the industry. Herring is the president & CEO of Friona Industries. He served as president of TCFA in 1997.

Please note: All links are still available at [www.tcfa.org](http://www.tcfa.org) under Newsletter links.