



# TEXAS CATTLE FEEDERS ASSOCIATION

## NEWSLETTER

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**As Anticipated, Taiwan's Parliament Voted This Week To Dishonor Its Recent Beef Trade Agreement** with the U.S. TCFA and NCBA strongly urge the Obama Administration to explore every available option to rectify this situation as soon as possible.

Tuesday's unanimous vote by Taiwanese lawmakers to institute new restrictions on the importation of U.S. beef comes little more than two months after Taiwan agreed to re-open its market in compliance with OIE standards on beef trade. That agreement was carefully negotiated over a two-year period during which Taiwan was provided ample information for a full evaluation of U.S. beef production processes. Ultimately, Taiwan's Department of Health declared U.S. beef and beef products safe.

"In our view, the issues expressed by politicians in Taiwan have absolutely no basis in scientific fact and fly in the face of Taiwan's own risk assessment," said Gregg Doud, NCBA chief economist. "To suggest that there are any safety concerns related to U.S. beef is outrageous."

"This is a purely domestic political issue in Taiwan," said Doud. "U.S. beef producers are sick and tired of being used as a political football."

Similar sentiments were communicated in a joint statement issued by USDA and the U.S. Trade Representative's Office: "The decision by Taiwan authorities to place domestic politics over science raises serious concerns. This action will also undermine Taiwan's credibility as a responsible trading partner and will make it more challenging for us to conclude future agreements to expand and strengthen bilateral trade and economic ties."

Some observers have expressed concern about how the beef trade impasse might affect relations between the two countries. However, just two days after the Taiwanese parliament's vote, the U.S. Defense Department announced the awarding of a contract to Lockheed Martin to build Patriot missiles for Taiwan.

Taiwan is an important market for U.S. beef. The U.S. has exported record sales to Taiwan over the last three years, with beef exports valued at: \$101 million in 2006; \$107 million in 2007; and \$128 million in 2008. U.S. beef is on pace to set a record for the fourth year in a row in 2009, with \$114 million in beef sales through October.

**U.S. Beef Is Safe!** The American Meat Institute (AMI) has issued a news release in response to media reports that paint an incomplete picture of the beef industry. Here are the facts AMI provides to show that the industry is subject to abundant regulation and inspection and maintains an excellent food safety record:

- Since 2000, *E. coli* O157:H7 prevalence in ground beef has decreased by 45% to less than half of 1%, according to USDA ground beef sampling data.
- Salmonella prevalence in ground beef has declined more than 50% since 2000, according to USDA's Salmonella performance data.
- Since 2000, *E. coli* O157:H7 infections in humans have declined by 44%, according to Centers for Disease Control data.
- Recalls due to *E. coli* O157:H7 outbreaks are down over the last two years, according to USDA data.
- Meat products carry federally-mandated safe handling labels that recommend thorough cooking. Cooking destroys any bacteria that remain on fresh products.
- Nearly 8,000 federal inspectors oversee 6,200 meat plants nationwide. Plants that process live animals have inspectors on-site during every minute of operation. Large plants may have two dozen inspectors on-site in a day and they are fully empowered to take actions to stop production or prevent meat from entering commerce if they have concerns.

Looking at the above information, it appears that the media is ignoring the real facts about the safety of beef.

**TCFA And NCBA Have Submitted Comments** to the U.S. Department of Justice (DOJ) regarding the upcoming DOJ-USDA workshops to explore competition and regulatory issues in the agricultural industry. Because agricultural commodity markets are all distinctly different, TCFA and NCBA agree with DOJ's decision to hold a separate and distinct workshop for beef marketing (Aug. 26 in Fort Collins, Colo.).

TCFA and NCBA recommend the workshop be divided into several different panel discussions including production, marketing trends, economics, and legal issues. Because the beef industry is highly reliant upon the banking sector and the ability to borrow both working capital and capital for fixed assets, we also suggest the workshop include educational opportunities on risk management practices and anti-trust laws. We also recommend that all economists chosen to participate on the panel should have peer-reviewed, published research specifically in the area of cattle and beef market structure.

TCFA and NCBA policies support a free market system, and we trust in the ability, adaptability, and innovative skills of the U.S. cattleman to prosper in a relatively unregulated domestic and international marketplace. It is not in the industry's best interest to vest the government with authority to set prices, underwrite inefficient production, or manipulate domestic supply, demand, cost or price.

U.S. cattle and beef markets are closely monitored through a wide variety of government regulatory enforcement statutes and authorities, including but not limited to, the Packers and Stockyards Act, state regulated weights and measures and the Commodity Futures Trading Commission. It's important that federal regulators continue to work to prevent anti-trust, collusion, price fixing and other illegal activities that could damage the viability of the market and interfere with market signals, while maintaining a level playing field for cattle producers.

**OIE Will Study The Impact Of Meat Production On Climate Change**, the organization announced this week. The study represents the first time OIE has investigated an environmental issue, *Reuters* reported.

Although some activists suggest that eating less meat would benefit the environment, OIE Director-General Bernard Vallat said the issue should not be oversimplified. "It's a question that needs to be studied with a lot of distance," said Vallat, who added that OIE's efforts could lead to recommendations on further research on limiting meat production's effects on the environment.

Vallat also said people must recognize that livestock production generates milk and eggs as well as meat and could not be sacrificed at a time of fast-growing protein demand among the world's population. "There is not yet a scientific model that can prove that our planet could do without milk, eggs or meat."

**Cargill Meat Solutions Plans To Test An E. coli Vaccine**, a company spokesman told the *Lincoln (Neb.) Journal Star*. Approximately 100,000 cattle will receive the vaccine in an effort that will involve about a dozen Cargill feedyards near its Fort Morgan, Colo. beef plant. The vaccinated cattle are scheduled to go to the plant in the May-September period.

**Swinford To Retire, Three Ready To Take His Place:** After two decades of tireless service to the people of the Panhandle, State Representative David Swinford (R-Dumas) announced that he will not seek reelection to the Texas House of Representatives. Representative Swinford has been a consistent conservative voice in the House and a champion for agricultural producers and rural communities. TCFA appreciates David's hard work on behalf of Texas agriculture and wishes him well in his future endeavors.

While David's seniority, passion and leadership will be missed, three eager candidates have announced that they are ready to take the reins and represent House District 87 (which includes Carson, Moore, Potter and Sherman counties) in Austin. Amarillo restaurateur Victor Leal and Amarillo attorney Walter "Four" Price IV will square off in the March 2 Republican primary. The winner of that contest will face former Potter County Democratic Chairman Abel Bosquez in the Nov. 2 general election. The TCFA Beef-PAC Trustees and staff will meet with each candidate in the coming weeks.

**Sam Kane, A True Giant Of The Beef Industry, Has Passed Away.** Survivors include two sons, a daughter, two grandsons and three great-grandchildren.

Kane, who was 90 when he died Jan. 3, rose from a start as a meat cutter to build his company, Sam Kane Beef Processors, into the seventh-largest meatpacker in the world. The *Corpus Christi Caller-Times* also credited Kane with introducing grain-fed beef to South Texas after picking up the concept from producers in Denver.

Kane and his wife, Aranka, moved to the U.S. in 1948 after the Communist Party came to power in his native Czechoslovakia. During World War II, Kane had fought against the Nazis with the Czech Resistance.

For more on the life of Sam Kane, go to <http://www.caller.com/news/2010/jan/04/sam-kane-dies/?print=1> or <http://www.caller.com/news/2010/jan/05/about-400-attend-funeral-for-sam-kane-meat/?print=1>.

## **NCBA Has Announced The Lineup of Speakers For The 2010 Cattle Industry Convention.**

Christopher Gardner, author and inspiration for the 2006 film, *The Pursuit of Happyness*, will officially kick off the convention with keynote remarks at the opening general session on Jan. 27. Gardner will share an inspirational message based upon his journey from homelessness to becoming the head of a successful Chicago brokerage firm.

The Policy Division Forum on Jan. 28 will feature Edward M. Avalos, undersecretary for marketing and regulatory programs at the USDA. Avalos provides leadership and oversight for USDA-APHIS, AMS and GIPSA.

Also on Jan. 28, General Session II will feature an expert panel focusing on the future of the cattle industry. Panel members include: **Past TCFA Chairman James Herring** of Friona Industries and current **TCFA Board Member Dave DeLaney** of the King Ranch. Also on the panel are Paul Bennett, Knoll Crest Farms, Red House, Va.; Homer Buell, Shovel Dot Ranch, Bassett, Neb.; Wesley Batista, JBS, Greeley, Colo.; and Molly McAdams, H-E-B, San Antonio, Texas.

Information on the 2010 Cattle Industry Convention and NCBA Trade Show can be found at <http://www.beefusa.org/convregistration.aspx>.

**The Federation Of Animal Science Societies (FASS) Cites Significant Flaws In A Pew Commission Report On Animal Agriculture.** In reviewing the Pew report titled, "Putting Meat on the Table," FASS performed its own analysis as well as examining the American Veterinary Medical Association's (AVMA) response to the report.

FASS is concerned that the process utilized by the Pew Commission to ensure an unbiased work product was insufficient. As pointed out by the AVMA, the process for gaining scientific expertise in the technical reports was biased and did not incorporate the findings and suggestions of a significant number of participating scientists. This represents a fundamental problem in the way the report was constructed.

In addition to procedural deficiencies, there are substantive problems with many of the recommendations in the report. For example, the Pew report recommends restricting the use of antimicrobials in food animal production to reduce the risk of antimicrobial resistance to medically important antibiotics. Banning the use of antibiotics before science-based studies and risk based evaluations are done to determine if there is an actual risk to human health would be detrimental to animal and human health, FASS said, adding that additional research is needed to determine what, if any, policy changes to antibiotic use are appropriate.

In the area of animal welfare, the Pew report seems to assume that all intensive farming operations are inherently inhumane. FASS said it is possible to have good animal welfare in both small and large scale production systems, and there are positive and negative tradeoffs when choosing among different production systems.

For more on the FASS review, go to <http://www.fass.org/page.asp?pageID=362>.

**Vegetarians Who Eat Meat!** Yes, that would seem to be a contradiction in terms, but apparently it's fairly common and perhaps growing in popularity based on a column posted on *Newsweek's* website. Apparently these "flexitarians" consider it ethically permissible to occasionally depart from the purist path if, for example, the beef they are eating is grass-fed or organic. The *Newsweek* article also notes that a recipe for beef stew is included in a cookbook put out by influential chef Mollie Katzen. Having helped give rise to vegetarianism in the 1970s and '80s, Katzen has herself gone back to eating meat.

To read the article, go to <http://www.newsweek.com/id/228720?GT1=43002>.

**U.S. Consumers Remain Cautious And Cost-Conscious**, according to research by The Nielsen Co. Fundamental spending adjustments that have developed during the recession appear to be entrenched as large numbers of consumers indicate they plan to continue using credit cards less and saving more money even after conditions improve.

For 2010, Nielsen predicts the Top Five Consumer Goods Spending Trends will be:

- **Restraint remains the new normal.** Americans' confidence has been slower to rebound compared to other parts of the world. The need to save money, unemployment and other economic issues continue to be top of mind, suggesting that any return to past behavior may take some time – if at all.
- **Value is a top priority.** With no signs of readiness among consumers to open their wallets, a focus on low prices at the expense of all other variables threatens margins. Value messaging must also include some point of differentiation beyond pricing. Manufacturers and retailers that "drive the recession wave" and take an active role in innovation and ad spending are likely to be the big winners.

- **Store brand growth continues.** Even with year-end 2009 softness in store brand dollar share growth, as retailers cut prices across the store to be more competitive, unit share growth continues and retailer focus has never been stronger.
- **Grocery consolidation intensifies.** Local and regional players, unable to drive profits in the soft economy, will become acquisition targets, and some larger national and regional grocers will divest unprofitable formats and banners to strengthen investments behind their winning formats and banners.
- **Assortment wars escalate.** Retailer efforts to simplify the consumer shopping experience by eliminating aisle and shelf clutter will cause market share land grabs for small and medium-sized brands in pursuit of elusive revenue growth. Retailers may lose sales as they shift away from in-store merchandising that drove impulse buying and built shopper baskets. Look for brands caught in the trap of greater store brand focus and assortment optimization to forge alliances with key retailers, enter or step up efforts as store brand suppliers, and/or explore direct-to-consumer sales.

**Putting A Face On The Beef Industry:** A new video developed by Texas Beef Council and Texas Farm Bureau utilizes livestock producers to tell the beef production story. The goal of the video is to educate consumers about the beef industry in order to dispel myths about modern beef production practices related specifically to animal welfare, the environment, nutrition and food safety.

Interviews were conducted with three beef industry families focusing on the dedication and commitment of beef producers. The video takes consumers on a virtual journey visiting Texana Feeders, R.A. Brown Ranch, and Star Ridge Land and Cattle Company.

The video is featured on TxBeef.org in a new section titled "The Beef Story". It will also be utilized at various TBC events and seminars. Cattle organizations and beef industry groups are encouraged to utilize the video in their efforts to combat animal agriculture activists and explain the beef production process. To see the video, go to [http://www.txbeef.org/the\\_beef\\_story/meet\\_the\\_ranchers](http://www.txbeef.org/the_beef_story/meet_the_ranchers).

**Applications For The Environmental Stewardship Award** are due by Feb. 24. Since 1991, the award has annually honored cattle operations from seven regions of the U.S. for their excellent stewardship and commitment to conservation. For more information and to obtain an application packet, go to [http://www.environmentalstewardship.org/CMDocs/ESAP/2010\\_ENVN\\_Nomination\\_Packet.pdf](http://www.environmentalstewardship.org/CMDocs/ESAP/2010_ENVN_Nomination_Packet.pdf).

*Please note: All links are still available at <http://www.tcfa.org> under This Week's Newsletter links.*