



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

5501 I-40 WEST

AMARILLO, TEXAS 79106

806 / 358-3681

Volume 44, Number 11

March 12, 2010

FDA Will Consult Livestock Producers As New Restrictions On Antibiotics Use Are Considered, FDA Commissioner Margaret Hamburg told a U.S. House subcommittee this week. According to a blog post on the *Des Moines Register* website, Hamburg said that FDA is "working closely with industry, listening to their concerns. We are not going to move forward and institute a policy that we have not been able to base on sound science and evidence."

TCFA and NCBA will work to hold FDA to that commitment as "sound science" has not produced evidence to support claims that the use of antibiotics in beef production contributes to an increase in antibiotic resistance in humans. In fact, it is against the law to give antibiotics to cattle unless the antibiotics have been cleared for such use by the FDA. Before FDA approves an antibiotic for use in cattle, there is a lengthy, rigorous review process. All use of antibiotics in feedyards is under the supervision of veterinarians.

By law, cattle producers must ensure that all cattle harvested for beef are safe from any antibiotic residue and are safe for human consumption.

TCFA and NCBA are working to remind the Obama Administration and Congress that antibiotics are medicine to prevent or treat bacterial infections in cattle and that healthy cattle produce healthy beef.

A New U.S. House Bill On Animal Confinement Is Backed By The Humane Society Of The United States (HSUS). H.R. 4733, the "Prevention of Farm Animal Cruelty Act," would set animal confinement rules for producers who sell food to the federal government.

H.R. 4733 would prohibit federal agencies from purchasing any food product derived from a "covered animal" unless the animal's confinement conditions allowed it to "stand up, lie down and turn around freely" and to "fully extend all limbs." The legislation specifies "covered animals" as "any pig during pregnancy, calf raised for veal or egg-laying hen."

HSUS has successfully led previous efforts to impose similar restrictions on animal agriculture in seven states: Arizona, California, Colorado, Florida, Maine, Michigan and Oregon. This bill is the latest example of HSUS' efforts to further its activist agenda at the federal level. TCFA will continue to oppose enactment of any limitations on animal agriculture that are not justified by sound science.

Introduced by U.S. Reps. Diane Watson (D-Calif.) and Elton Gallegly (R-Calif.), the bill has been assigned to the House Committee on Oversight and Government Reform.

Senators Want Japan To Give U.S. Beef A Fair Deal. Senators Mike Johanns (R-Neb.) and Blanche Lincoln (D-Ark.) introduced a Sense of the Senate Resolution this week calling on the Obama Administration to insist that Japan immediately grant increased market access for U.S. beef. TCFA applauds this action and has asked the Senators from our three-state area to co-sponsor the measure. At press time, Senators John Cornyn (R-Tex.), Kay Bailey Hutchison (R-Tex.), Jim Inhofe (R-Okla.) and Tom Udall (D-N.M.) had signed on as co-sponsors.

Specifically, the resolution calls attention to Japan's arbitrary and unscientific restrictions on U.S. beef trade and makes the following declarations: (1) it is not in the interest of either the U.S. or Japan to arbitrarily restrict market access for their close partners; (2) trade between the U.S. and Japan should be conducted with mutual respect and based on sound science; (3) since banning U.S. beef in December 2003, Japan has not treated U.S. beef producers fairly; (4) both Japan and the U.S. should comply with the internationally recognized guidelines set forth by OIE; (5) consistent with OIE standards, Japan should immediately allow the importation of U.S. bone-in and boneless beef of all ages into Japan; (6) the Obama Administration should demand that Japan comply fully with the guidelines of the OIE and immediately grant increased market access for U.S. beef and beef products. A copy of the resolution is available by clicking here:

http://www.tcfa.org/Newsletter/resolution_exports_to_japan_2010-03-12.pdf.

In a news release, Senator Cornyn said, "With Texas leading the nation in cattle production and feeding, full access to the Japanese export market is critical to the economic vitality of our state's cattle industry and the important role it plays in the Texas economy. For too long, Japan has unfairly singled out U.S. beef – subjecting our world-class exports to arbitrary limits that stand in direct conflict with the international community's stamp of approval on U.S. beef. I urge my colleagues from farming and ranching states to join Sen. Johanns and I in supporting this resolution to send a clear message to the Administration that now is the time to act to restore fairness in the market for U.S. cattlemen."

Senator Johanns drew attention to this ongoing trade imbalance during a Senate Commerce, Science and Transportation Committee hearing when he questioned how Japan would respond if the U.S. were to ban all imports of Japanese cars because of safety issues with some Toyota vehicles. He has since met privately with Japan's Ambassador to the U.S. Click on the following link to see a clip of Senator Johanns summarizing this meeting, http://www.cattlenetwork.com/GAM_article.aspx?oid=1001194&publishdate=2010-03-10&urltitle=Video--Sen--Johanns-Discusses-Beef-Trade-With-Japan&tid=Archive&hq_e=el&hq_m=648448&hq_l=12&hq_v=1cec4a7f4c.

Is Climate Change Theory In Increasing Danger? The United Nations and the Intergovernmental Panel on Climate Change have announced that the work of the U.N. climate panel will be subjected to an independent review by leading international scientists. The review was prompted by "a trickle of unsettling errors" in the panel's reports, according to an article posted on *msnbc.com*.

U.N. Secretary General Ban Ki-moon made it clear that he stands by current U.N. thinking on global warming, but "we need to ensure full transparency, accuracy and objectivity, and minimize the potential for any errors going forward."

The review by a Netherlands-based group of 15 national academies of science is scheduled for completion by the end of August.

USDA Supply & Demand (S&D) Report Corn: The USDA's March S&D report served up some unusual twists. As a result of the special survey of states with unusually slow harvest, the overall crop size was reduced to 13.131 billion bu., down from the earlier estimate of 13.151 billion bu. The 20-million bu. reduction in crop size was the result of the special survey that took place in Illinois, Minnesota and Michigan. Yield estimates were lowered in Illinois and Minnesota, and the harvested acres estimate was reduced in Michigan. It is important to note that the projected crop would still be an all-time record. The estimated crop yield was lowered 0.3 bushels-per-acre (BPA) to 164.9 BPA, down from the earlier estimate of 165.2 BPA.

Projected exports took a real hit with a reduction of 100 million bu. The slow year-to-date export pace and increasing grain stocks in the world market were cited for the reduced export expectations. The combined effect of the reduced crop size and sizable reduction in exports is an 80-million bu. increase in the ending stocks estimate to 1.799 billion bu. As a result of the increased ending stocks, USDA lowered the top end of the price expectations to a range of \$3.45 to \$3.75 per bu.

For more perspective on the corn outlook, please see the commentary in the TCFA Market Report.

TCFA At Work For You...

In Recent Weeks, TCFA Staff:

- Went to Ankeny, Iowa to attend the first of the USDA/Department of Justice workshops that are examining concentration and competition in agriculture. The first session focused on the seed industry and pork contracting. TCFA's interest in the initial workshop was to get perspective of how future meetings will be handled. TCFA staff will attend the workshop on the cattle and beef business scheduled for late August in Ft. Collins, Colo.
- In early March, TCFA successfully completed another semi-annual audit conducted by USDA on the TCFA's QSA Program for age and source verification of cattle. Currently almost 60 feedyards are approved under the program, which provides access to export market premiums.
- TCFA worked with USDA-NRCS on the Fiscal Year 2010 Environmental Quality Incentives Program (EQIP) for cost share assistance on water quality, air quality and nutrient management conservation practices. TCFA provided notice for the sign-up period to feedyard members.
- Since the fall of 2009, TCFA has worked with NCBA on the implications of EPA's Greenhouse Gas (GHG) Reporting rule. An information sheet and GHG data sheet have been developed and provided to feedyard members. Feedyards will collect production data this year and file the first report in March 2011. TCFA staff will brief feedyard managers on the requirements in the next few weeks.

- Spoke at NCBA beef safety summit on producer acceptance of pre-harvest pathogen controls.
- Joined several agriculture stakeholders in providing input and research recommendations to scientists and engineers at an annual meeting of "The Ogallala Project" – a federally funded research effort to develop conservation, technology and educational programs on many aspects of irrigation, livestock and agribusiness water use.
- Participated in the USDA Ag Air Quality Task Force meeting this week. The Task Force is charged with advising the Ag Secretary and the chief of the USDA-NRCS on air issues such as dust emissions, GHG, engine emissions standards, prescribed burning and other topics that impact U.S. agriculture.
- In February, TCFA began working with the Department of Homeland Security on a project to evaluate programs and plans that are in place at feedyards, supporting businesses and local and regional governments, to ensure a quick return to normal business activities following any natural disaster or foreign animal disease. The project, known as the Regional Resiliency Assessment Project (RRAP), will extend through 2011.
- Met with university researchers on economic analysis of feeding ethanol byproducts, cattle industry concentration and role of irrigated agriculture in High Plains production.
- Participated in meetings on agriculture and beef sustainability research and policy discussions.
- Participated in endangered species listing discussions.
- Gave a market outlook presentation to a Texas Farm Bureau group in Amarillo.
- Worked on issues related to property taxes, sales taxes and franchise taxes.
- Did research on several human resource questions related to H2A, Workers' Compensation Insurance, Occupational Hazard Insurance, and the Medicare, Medicaid and SCHIP Extension Act of 2007. TCFA staff have also made 58 visits to member feedyards since Feb. 1.

USDA Has Announced 36 Appointments To The Cattlemen's Beef Promotion And Research Board. All appointees have begun serving three-year terms.

Appointees from the TCFA area are Larry B. Pratt, Andrea W. Reed, D. Rudolph Tate and Bruce D. Dopslauf, all of Texas; Tamara A. Ogilvie of New Mexico; and Thomas A. Woods of Oklahoma.

The Board oversees collection of \$1-per-head on all cattle sold in the United States and \$1-per-head equivalent on imported cattle, beef and beef products. In addition, the Board contracts with established national, non-profit, industry-governed organizations to implement programs of promotion, research, consumer information, industry information, foreign marketing and producer communications.

USDA's Agricultural Marketing Service oversees operations of the Board.

The Livestock Sector Can Lead The Agricultural Economy To Higher Net Farm Income, assuming the farm economy benefits from a recovering general U.S. economy. That analysis tops a 2010 baseline report prepared by the University of Missouri Food and Agricultural Policy Research Institute (FAPRI). The 66-page report was delivered to Congress this week.

Highlights of the report pertaining to beef include:

- As the economy recovers, beef demand should strengthen. This will combine with tight beef supplies for the next few years, returning profitability to the beef industry.
- The size of the US calf crop has declined for 14 consecutive years, and this trend will not soon reverse itself.
- International beef demand will increase as global economies recover, allowing beef exports to approach pre-BSE levels by 2012.

The FAPRI baseline is offered as a reference to analyze possible results of proposed new laws in agriculture and energy. The studies use computerized models of the U.S. and world agricultural economy. FAPRI baseline draws on economists from seven agricultural universities. The University of Missouri's primary partners are Texas A&M and Iowa State universities.

To see the full report go to,

http://fapri.missouri.edu/outreach/publications/2010/FAPRI_MU_Report_01_10.pdf.

In The Midst Of Recession, Price Is The Primary Factor For Meat Consumers making decisions on what to purchase. *The Power of Meat* – a joint study by the American Meat Institute and the Food Marketing Institute – asked consumers to rate six factors that influence what meat products they buy. Price came in first with a score of 4.5 on a 6-point scale, well ahead of appearance.

The study showed that, with the use of circulars and newspaper advertisements, 66% of shoppers compare meat and poultry prices at different stores and 86% compare prices of different brands and cuts once inside the store. Thus, in-store signage and in-store promotions are significant drivers of sales, and nutrition information and recipes play a lesser role in determining what shoppers buy. The share of shoppers to whom brand is unimportant is up to 74% for fresh meat and 62% for processed meat.

The findings result from an online poll of 1,174 consumers conducted in November. To read more about the study go to, http://www.fmi.org/news_releases/index.cfm?fuseaction=mediatext&id=1110.

The Ongoing Trade Dispute With Mexico Marked Its One-Year Anniversary on Wednesday (March 10). The dispute, which continues to put U.S. jobs at risk, began when Congress terminated funding for the U.S.-Mexico cross-border trucking pilot program in the Fiscal Year 2009 Omnibus Appropriations Act – a move which failed to meet U.S. commitments under NAFTA and prompted Mexico to impose damaging retaliatory tariffs on U.S. agriculture and manufacturing goods.

"This dispute has been going on for far too long," said NCBA President Steve Foglesong. "It's time for the Administration to take action before the critical relationship with our top trading partner is further compromised, putting agriculture exports and imports, and American jobs, at risk."

Although Congress addressed the issue by removing the prohibition on the trucking program within FY10 appropriations, the Administration has yet to make progress with Mexico in removing the tariffs. The U.S. Chamber of Commerce estimates as many as 25,000 U.S. jobs could be lost as a result of the impasse.

Mexico is the top export destination for U.S. beef, dairy, poultry, rice, soybean meal and oil, corn sweeteners, cotton, apples and dry edible beans. In 2008 the U.S. exported a record \$1.4 billion in beef and beef variety meats to Mexico (although economic hardships in Mexico curtailed sales to approximately \$910 million in 2009).

Mexico is also a major market for pork, corn, soybeans, eggs, vegetable oils, fresh U.S. potatoes, snack foods and other consumer-oriented agricultural goods. Trucks move more than 70% of the value of U.S.-Mexico trade.

"Escalating trade retaliations hurt everyone," Foglesong said. "We live in a global society and our economy is inextricably linked to our ability to do commerce with key trading partners like Mexico."

Earlier this month, a bipartisan group of more than 50 Members of the House sent a letter (<http://www.beefusa.org/uDocs/ustrdotmexicantariffs3110807.pdf>) to U.S. Trade Representative Kirk and Transportation Secretary LaHood expressing concern about the Administration's lack of progress in resolving this year-long issue.

A New Rule Regarding The H-2A Program Goes Into Effect March 15. The rule governs the labor certification process and enforcement mechanisms for the H-2A temporary agricultural worker program. The Labor Department said the rule strengthens worker protections for both U.S. and foreign workers and helps to ensure overall H-2A program integrity.

For more on the rule and the H-2A program in general go to, <http://www.dol.gov/opa/media/press/eta/eta20100198.htm#>

TCFA Sponsor Spotlight. TCFA is proud to recognize its top sponsors whose efforts help deliver top-notch services to members.

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