



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

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Healthcare Summary: TCFA staff has completed analysis of the recently enacted healthcare reform measures and developed a chronological summary of when major provisions take effect. Staff will continue to work with healthcare experts, closely monitor the rule making process and provide updates to members as things progress. If you have any questions, please email Josh Winegarner josh@tcfa.org or Kristi Gillispie kristi@tcfa.org or call (806) 358-3681. To view a copy of the healthcare summary, please go to http://www.tcfa.org/email/healthcare_reform_summary.pdf.

Exports Of U.S. Beef Plus Beef Variety Meats Experienced Solid Gains during the first two months of 2010 when compared to the same period last year, according to a new report by the U.S. Meat Export Federation (USMEF). Shipments were up 9% in volume to 144,439 metric tons (mt.) and 10% in value at \$500.5 million. The gains came even as the top destination for U.S. beef exports, Mexico, continued to suffer from the economic downturn. In January and February, Mexico purchased 39,364 (mt.) of U.S. beef, valued at \$123.9 million – drops of 23% and 31%, respectively, compared to the first two months of 2009.

Despite the fall in exports to Mexico, U.S. beef exports have increased because of markets like:

- Canada: The number two beef export market was up 19% in volume at 21,624 mt. and 27% in value at \$92.7 million.
- Japan: Total beef exports were up 45% in volume to 11,660 mt. and 35% in value at \$58.6 million.
- Greater China plus Vietnam: The third-largest market for U.S. beef muscle cuts this year, growing 36% in volume (15,227 mt.) and 38% in value (\$54 million).
- Middle East: Led by Egypt, the Middle East was up 28% in volume at 15,267 mt. and 50% in value at \$25.3 million.

Unfortunately, the data does not look as good for South Korea. U.S. beef exports to Korea declined by 3% in volume (12,737 mt.) and were also down a fraction of a percent in dollar value (\$49.6 million). But the slight slippage appears to be a bit of a statistical anomaly. USMEF told TCFA that the beef export figures for the first two months of 2009 were inflated by the very large amounts of product that was being shipped to Korea right after their market re-opened to U.S. beef. USMEF analysts say shipments to Korea have maintained a strong, steady pace in recent months, averaging 1,356 mt. per week between mid-September and the end of February.

On The Import Side, NCBA Chief Economist Gregg Doud said, "The drought-ending rains and efforts to restock herds in Australia are certainly impacting U.S. cull cow and bull (lean beef trim) prices." According to Doud, unofficial data through mid-April indicates that U.S. imports of Australian (lean trim) beef are down 44% for the year-to-date, and that is the primary reason why total U.S. beef imports are down 34%. Imports of Canadian beef are up 3% during this period, and over half of those imports (50.7%) are 50% lean trimmings. (About 35% of Canadian beef exports to the U.S. so far this year are whole muscle cuts, which is up about a percent from this time last year.)

In live cattle trade, imports of live Canadian steers and heifers directly for processing through April 3 were up 16% at 198,674 head, Doud reported. There were also 71,868 head of imported cull cows and bulls (direct for processing), which is up 28% on the year (unofficial data). "A clear trend in the other direction, however, is the sharp decline in imports of Canadian feeder cattle so far this year at just under 51,000 head – a 60% decrease compared to just over 125,000 head during this same period last year," Doud said. He also noted that imports of Mexican feeder cattle are running at their normal pace so far in 2010, at just under 300,000 head through April 10 – up 13% from a year ago.

Texas Import Facilities Closed Due To Safety Concerns: As a result of the ongoing violence along the U.S.-Mexico border, USDA-APHIS has closed its livestock import facilities at Laredo/Nuevo Laredo and Pharr/Reynosa. The facilities, which are about 20 miles inside of Mexico, will remain closed until a U.S. State

Department assessment team determines it is safe for employees to resume their duties. The State Department is also conducting safety assessments at other livestock import facilities which remain open at this time: Eagle Pass/Piedras Negras, Del Rio/Acuna, Presidio/Ojinaga, Santa Teresa/Juarez, Columbus/Palomas, Douglas/Agua Prieta, Nogales/Nogales, San Luis/San Luis and San Ysidro/Tijuana.

TCFA staff is monitoring the situation closely and has been communicating with USDA-APHIS and congressional leaders. "The safety of the APHIS personnel along the border is our chief concern," said TCFA Government Relations Director Josh Winegarner. "Secondarily, we are working to develop alternatives for inspecting and importing cattle should the inspectors be unable to safely return to Mexico."

New Cattle Tuberculosis (TB) Federal Order Released: APHIS published an order to remove certain federal movement restrictions and testing obligations for non-affected animals in certain states where TB has been found. The order is effective immediately and will last for two years, unless it is extended by APHIS or superseded by revisions to the Code of Federal Regulations. The order applies only to the following two groups: accredited free states/zones (that have found or may find TB) and modified accredited advanced (MAA) states/zones that have previously been classified as accredited free. It does not apply to states/zones currently classified as modified accredited (such as in Michigan and Minnesota), accreditation preparatory or non-accredited states/zones.

The goal of the new federal order is to better enable interstate movement of non-affected animals, even if TB is present in their state. Specifically, it: (1) ends automatic downgrade of an accredited free state/zone to a MAA state/zone when TB-affected herds are found, if the state meets certain criteria for preventing the spread of the disease; (2) ends federal movement restrictions for non-affected cattle and bison from an MAA state/zone, if the state meets certain criteria for preventing the spread of the disease; and (3) calls for increased surveillance and/or movement restrictions, as required by the APHIS Administrator, to address risks from TB in wildlife or under other circumstances to prevent disease spread.

In addition, this order will provide some flexibility, not currently available under existing regulations, until APHIS completes its efforts to modernize the existing TB program. TCFA and NCBA have provided comments and recommendations and will continue to work closely with APHIS throughout the process. APHIS expects the full regulatory process – publishing a proposed rule, reviewing comments received and publishing a final rule – to take up to two years.

To read the federal order, please go to

http://www.aphis.usda.gov/newsroom/content/2010/04/printable/federal_order_tb.pdf.

To access the Q&A Fact Sheet, go to

http://www.aphis.usda.gov/publications/animal_health/content/printable_version/faq_bovine_tb_fed_order.pdf.

Meaningful And Permanent Estate Tax Reform is the goal of NCBA, TCFA and a coalition of national agriculture organizations that are joining together in the fight. On Jan. 1, the estate tax temporarily zeroed out for the year 2010, but unless Congress takes action, the tax will come back next year at its staggering pre-2001 levels. The following is an excerpt from a letter sent by the coalition to U.S. Senate Leadership:

"If estate taxes are allowed to be reinstated at the beginning of 2011 with only a \$1 million exemption and top rate of 55%, the negative impact on our industry will be significant. We support permanently raising the exemption to no less than \$5 million per person and reducing the top rate to no more than 35%. It is also imperative that the exemption be indexed to inflation, provide for spousal transfers and include the stepped-up basis."

The letter further states that those in agriculture "are not only the caretakers of our nation's rural lands but they are small businesses, too. The 2011 change to the estate tax law does a disservice to agriculture because we are a land-based capital intensive industry with few options for paying estate taxes when they come due. The current state of our economy, coupled with the uncertain nature of estate tax liabilities, make it difficult for family-owned farms and ranches to make sound business decisions. We urge Congress to pass permanent estate tax reform now."

NCBA and TCFA also continue to support an agriculture exemption from the estate tax. Specific agricultural relief would benefit the American public through greater food security, maintenance of open space and environmental resources, as well as the preservation of valued traditions and lifestyle. Agricultural estates are five to 20 times more likely to incur estate taxes than other estates. For more information, visit

<http://www.beefusa.org/uDocs/deathtaxleavebehind.pdf>.

Feedyard Employee Trainings were held over the past few weeks in the North Plains and South Plains covering the Animal Care and Handling portion of the TCFA Beef Safety and Quality Assurance Program (BSQA). Through these trainings, feedyard employees received a better understanding of BSQA and the role they play in their jobs of assuring that proper humane animal handling practices are followed. Dr. Ted McCollum, Beef Cattle Specialist with Texas AgriLife Extension Services, covered topics such as the handling of cattle in processing barns and hospitals; pen management; and maintenance of feed bunks, water tanks and other facilities. Altogether the five trainings were attended by 113 feedyard employees from 36 TCFA feedyards, representing nearly 1.5 million head of total one-time feedyard capacity.

Similar BSQA Program employee trainings are scheduled for South Texas feedyard employees. Trainings will be held in Devine on Tuesday, May 18 and Premont on Wednesday, May 19. Dr. McCollum and Trent Tyson will cover topics specific to BSQA including food safety, cattle care and animal handling. For more information on the South Texas trainings, watch for email and fax messages in the coming weeks, or contact Trent at the TCFA office at (806) 358-3681 or trent@tcfa.org.

The TCFA Fed Beef Challenge is just around the corner – April 21 at the Amarillo Livestock Auction. Some of the best cattle in the TCFA feeding region will be available for viewing from 2 p.m. to 3:30 p.m. The challenging live evaluation contest will begin at 4 p.m. with area feedyard employees, college students and others vying for a custom-made saddle, scholarships, prizes and bragging rights. The reception begins at 5 p.m. and special activities benefiting the TCFA Education Foundation begin at 5:30 p.m. The always-popular steak feed will start at 6 p.m. Pen space is still available for area feedyards interested in participating in this year's event. For more information, please contact Jason Slane at jason@tcfa.org or call (806) 358-3681.

2010 TCFA "Feedyard Camp" will be held June 28 - 30 in Canyon. Officially called the Junior Fed Beef Career and Leadership Program, the camp is open to all incoming high school juniors and seniors who are interested in pursuing careers in feedyard management or the fed beef industry in general. The program, conducted by TCFA, West Texas A&M University and Texas AgriLife Extension Service, gives students exposure to many aspects of the cattle feeding industry through such activities as tours of commercial cattle feeding operations and a beef processing facility and instruction in the anatomy of a beef carcass and beef fabrication. Students will also tour retail meat counters and participate in a consumer beef taste panel. Additionally, students spend a day learning day-to-day operations of a feedyard and have the opportunity to participate in a job shadow program at a local feedyard after the program.

Applications to participate in the program can be obtained from TCFA and must be returned to the TCFA office prior to May 1. For more information about the 2010 Junior Fed Beef Career and Leadership Program and to obtain an application, log on to <http://www.tcfa.org/jfbc/FeedyardCamp.html> or contact Trent Tyson at (806) 358-3681 or trent@tcfa.org.

CDC Report Shows Drop In E. Coli Illnesses: Government data released Thursday showed significant decreases in the reported incidence of Shiga toxin-producing Escherichia coli (STEC) O157 infections in 2009 compared to the preceding three years, *Meatingplace.com* reports. According to the Foodborne Diseases Active Surveillance Network (FoodNet) – which combines data from the Centers for Disease Control, USDA and FDA – the Healthy People 2010 target of fewer than one case per 100,000 population for STEC O157 infection was met. The Healthy People 2010 targets were not met for: campylobacter, listeria or salmonella.

A Correlation Between Diet And Risk Of Developing Alzheimer's Disease was cited in a new study published online April 12 in the Archives of Neurology. But NCBA says it is important to remember the cause of any disease cannot be attributed to a single food.

According to the Columbia University Medical Center study, "Food Combination and Alzheimer Disease Risk," a decreased risk of Alzheimer's may be associated with increased consumption of certain foods (salad dressing, nuts, fish, tomatoes, poultry, cruciferous vegetables, fruits, dark and green leafy vegetables) and decreased consumption of other foods (high-fat dairy products, red meat, organ meat and butter). But NCBA points out that research continues to indicate there is no one dietary factor associated with an increased risk for certain diseases.

Research has found people who consume more than 22.4 milligrams of niacin (Vitamin B3) – the amount found in one 3 oz. serving of lean beef – from food daily are 80% less likely to suffer from Alzheimer's disease and other age-related cognitive decline than their counterparts.

McDonald's Says There Is Not Enough Science To Support A Switch To Cage-Free Eggs. In a statement to shareholders, McDonald's board of directors recommends rejection of a Humane Society of the United States (HSUS) proposal that the restaurant chain's U.S. operations commit to purchasing 5% of its eggs from cage-free operations by January 2011. Not only is there insufficient scientific support for the proposal, McDonald's board also cited indications that cage-free systems may pose a higher risk of infectious diseases. Shareholders will consider the cage-free proposal in a May 20 meeting. HSUS is a McDonald's shareholder.

The Texas Animal Health Commission (TAHC) is accepting comments on proposed regulations that include making the Brucellosis test requirement dependent upon the TAHC having sufficient funding, implementing a new trichinosis-free herd certification program, and requiring permanent official identification of equines positive for piroplasmiasis. For more information and to submit comments, go to <http://www.tahc.state.tx.us/>.

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

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