TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

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Wal-Mart Stores, Inc. Says It Will Implement Additional Beef Safety Measures to further protect customers against foodborne illnesses. According to a Wal-Mart news release, the new process control standards and goals are additions to a food safety program that already requires ground beef suppliers to test for E. *coli* O157:H7 and achieve prevention-based certification against one of the Global Food Safety Initiative (GFSI) internationally recognized standards.

"In light of recent beef recalls, we determined it was prudent to require an additional layer of protection for our customers," Wal-Mart's Vice President for Food Safety Frank Yiannas said. The new program requires Walmart and Sam's Club beef suppliers to implement controls that would significantly reduce potential contamination levels and validate that the measures they've implemented are effective through specialized testing.

Suppliers who do not operate meat plants must be in compliance with the new standard by June 2011. For beef plant suppliers there is a two-step approach with the first step to be completed by June 2011 and the second by June 2012. Walmart and Sam's Club will work closely with beef suppliers to ensure that the new requirement is implemented without additional cost to customers.

Wal-Mart said the protocol has been reviewed with numerous stakeholders including consumer groups, regulators, academicians, beef suppliers, and industry associations. In the corporation's news release, Dr. James Marsden of Kansas State University said, "Walmart has taken steps to provide its customers with the safest possible beef products. Consumers across the United States will benefit greatly from this timely food safety initiative."

According to Jim Dickson, Iowa State University Professor of Animal Science, "Walmart is taking a progressive approach to assuring the safety of the foods they sell. This is a win for the consumers, the beef industry in general, and Walmart. The lessons learned from Walmart's approach will be applicable to ground beef sold everywhere."

Several consumer groups have also expressed support for the measure, according to Wal-Mart.

NCBA And Other National Livestock And Poultry Trade Associations Are Pushing Congress To End Government Ethanol Supports. The groups asked the House Ways and Means Committee this week to allow a 30-year-old tax credit and a protective tariff for ethanol to expire at the end of this year. The request was made in a letter signed by NCBA and other industry trade associations. For a copy of the letter, go to http://bit.ly/9vleGE.

"Although we support the need to advance renewable and alternative sources of energy, we strongly believe that it is time that the mature corn-based ethanol industry operates on a level playing field with other commodities that rely on corn as their major input," the groups wrote in a letter to Reps. Sander Levin (D-Mich) and Dave Camp (R-Mich.), the chairman and ranking Republican member, respectively, of the tax-writing committee. "Favoring one segment of agriculture at the expense of another does not benefit agriculture as a whole or the consumers that ultimately purchase our products," the letter states.

TCFA is in full agreement with the sentiments expressed in the letter.

Meanwhile, NCBA Chief Economist Gregg Doud will also be a presenter at the National Academies' third meeting of the Committee on Economic and Environmental Impacts of Increasing Biofuels Production on May 3. Doud's presentation will focus on the impact of corn ethanol production on the cattle industry. TCFA and NCBA adamantly oppose mandated ethanol production and support immediate efforts to significantly reduce the Renewable Fuel Standard (RFS) mandate.

From December 2007 to February 2010, the cattle feeding sector of the beef industry lost a record $7 billion in equity due to high feed costs and economic factors that have negatively affected beef demand. Between 2005 and 2008, corn prices quadrupled, reaching a record high of more than $8 per bu. – a pattern that is unsustainable for all industries that utilize corn. This volatility in the marketplace was a direct result of competing demands for corn and higher energy prices. According to USDA's Economic Research Service, in

2008, feed costs for livestock, poultry and dairy reached a record high of $45.2 billion – an increase of more than $7 billion over 2007 costs. A report released in September 2008 by the Congressional Research Service (CRS) stated that the dramatic increase in livestock production costs were attributed to feed. The CRS report said that "the main driver was feed, which may account for 60%-70% of total livestock production costs in any given year."

During the 2005-2006 marketing year, USDA estimates that corn use for ethanol production increased from 1.603 billion bu. to 3.677 billion bu. during the 2008-2009 marketing year. For the 2009 - 2010 marketing year, ethanol production is expected to absorb 4.3 billion bu. of corn. Ethanol use accounted for approximately 14% of total corn use in 2005-2006, and that percentage is projected to grow to more than 33% in 2009-2010. Over the same period, use of corn for feed has fallen from about 55% to about 42%, with exports falling from almost 19% to about 15%.

TCFA and NCBA continue to support an open and free market as the best driver of competition and innovation in all industries.

Record Retail Prices For Beef Are Likely This Summer And Fall, Purdue University Extension Economist Chris Hurt believes. The current record of $4.46 per lb. was established in the third quarter of 2008. Hurt believes a return to that price range is not only likely but likely to be exceeded.

"Suddenly, owning cattle looks like a stroke of genius," Hurt said. "In a few short months, cattle prices have staged a seemingly miraculous comeback." Hurt said recent improvement in cattlemen's fortunes results from several factors, including lower beef production and cattle weights, an increase in U.S. beef exports, a decrease in U.S. beef imports, and increased consumer confidence both domestically and abroad.

To read more of Hurt's report, go to http://www.futuresbuzz.com/good.html.

Total Red Meat Production In The United States Declined By 2% in 2009, according to USDA/NASS. Production of red meat – which includes beef, veal, pork, and lamb and mutton – totaled 49.4 billion lbs. last year. Beef production totaled 26.1 billion lbs., also down 2% from the previous year. Pork production, at 23 billion lbs, was down 1%.

NASS also reported that commercial cattle harvest during 2009 totaled 33.3 million head, down 3% from 2008, with federal inspection comprising 98.3% of the total. The average live weight was 1,293 lbs., up 11 lbs. from a year ago. Steers comprised 49.8% of the total federally inspected cattle harvest, heifers 29.7%, dairy cows 8.6%, other cows 10.1%, and bulls 1.7%.

Meanwhile, USDA/NASS Reports U.S. Commercial Red Meat Production in March was the highest ever for that month. Production totaled 4.28 billion lbs., up 3% from the 4.14 billion lbs. produced in March 2009. Beef production, at 2.21 billion lbs., was 3% above the previous year. Total cattle harvest was 2.91 million head, up 7% from March 2009. The average live weight was down 32 lbs. from the previous year at 1,273 lbs.

Corn Plantings Are Off To An Unprecedented Start. As of Sunday April 25, plantings nationwide are 50% complete: an amazing 31% increase over the week before, 30% over the same week a year ago and 28% over the five-year average. Planting progress in individual states is even more impressive with planting in Illinois 73% complete; Iowa, 68%; and Indiana, 56%. Planting in Missouri was 69% complete, and even Minnesota was at 63%. In the central corn states, those at the back of the pack are Nebraska at 23% and South Dakota at 13%. With the early planting progress, several assumptions can be made. The first assumption is that with the early start and continuation of favorable weather, farmers will keep planting corn, which will most likely lead to an increase in corn acres over beans. However, weather conditions have slowed the planting progress this week. The second assumption: with the early start and weather favorable for emergence, the pace of crop development will enable early pollination and the heat threat of early August will be avoided. Lastly, the expectation of a long growing season will allow for slow maturity, which should support higher test weights and higher starch content. Now with all of the favorable conditions listed, keep in mind a corn crop has to be lost a minimum of five times before a crop is secured.

Transportation Issues: TCFA Government Relations Director Josh Winegarner testified this week before a joint meeting of the Texas House Agriculture and Transportation Committees regarding the state's transportation infrastructure as it relates to the movement of agricultural products. The majority of TCFA's testimony focused on the importance of the rail system to the cattle feeding industry and the efficiencies and

cost savings that would be achieved by increasing the maximum allowable gross weight from 80,000 lbs. to 97,000 lbs. on a six-axle truck-trailer combination.

Also this week, USDA released a comprehensive report on agricultural transportation in the United States, the first ever of this magnitude. The report, "Study of Rural Transportation Issues," was mandated by the 2008 Farm Bill and covers the four major modes of transportation commonly used by agriculture in the United States: truck, rail, barge and ocean vessel.

The report examines some of the major issues facing agricultural transportation, including the dramatic effect of deregulation on the rail industry, a growing gap for funding the inland waterways and highway systems, availability of containers and ocean vessel capacity, and the infrastructure that may be needed to support a projected increase in biofuel transportation. The report also discusses the current approach to transportation policy in the United States, in which each mode of transportation is often considered separately without an overarching view of the flow of freight through all the modes. The study may be found on the Agricultural Marketing Service website at http://www.ams.usda.gov/RuralTransportationStudy.

Dust Standards Were Discussed in a recent meeting that included EPA staff, TCFA Vice President Ben Weinheimer and former TCFA Board Member Tom McDonald of JBS Five Rivers Cattle Feeding Co. Also participating were NCBA members and staff including Tamara McCann Thies, chief environmental counsel; Colin Woodall, vice president of government affairs; and Duane Gangwish of the Nebraska Cattlemen's Association. Possible changes to the particulate matter (PM) National Ambient Air Quality Standard (NAAQS) were the primary topics.

Under the Clean Air Act (CAA), EPA is required to review the coarse PM NAAQS every five years. EPA's latest draft of its Integrated Science Assessment relies on a very flawed study to conclude that there is evidence of adverse health effects from dust at levels of 12-15 ug/m3. This is 1/10th of the current standard and is below naturally occurring levels in much of the West, including pristine national parks. If EPA were to set a dust standard at this level, huge areas of the country would be in non-attainment including rural areas in the West. TCFA and NCBA are working with other industries that would be affected by the possible standard change.

For more information, contact Ben at (806) 358-3681 or ben@tcfa.org

Texas Ag Commissioner Todd Staples Is Defending Beef On His Blog. In a posting this week, Staples takes to task elected officials in Michigan and San Francisco who have embraced the Meatout campaign and are encouraging their citizens to eat less meat.

"Meat is part of a well-balanced, healthy diet," Staples wrote. "Packed with protein, nutrients, essential amino acids and disease-fighting enzymes, beef not only tastes good, but also provides many of the defenses and nutrients that keep us healthy and strong – such as iron and zinc. The American Council on Science and Health even notes that beef is part of an overall heart-healthy diet."

Staples added, "The fact of the matter is meat helps build a healthy body and its production and consumption are part of the natural order of our ecosystem. Lucky for us, Texas leads the nation in beef production thanks to our hardworking cattle producers who contribute $14.9 billion annually to our state's economy. That's great news for those of us who just can't muster an appetite for veggie burgers or tofu."

To read the full blog entry, go to http://commissionertoddstaples.blogspot.com/2010/04/getting-to-meat-of-matter.html.

The 2010 Grain Grading Workshop Is Next Week at the Texas Agrilife Extension Center in Amarillo. You have two opportunities to choose from: May 4 or May 5. The event will run from 8:30 a.m. to 4:30 p.m. both days.

Registration is $45. The events are conducted by the AgriLife Extension Service and the Amarillo and Farwell Grain Exchanges. For more information, go to http://www.tcfa.org/Newsletter/2010_grain_grading_brochure.pdf.

TCFA Chairman Mike Engler Discusses Beta Agonists in the May/June issue of *Working Ranch* magazine. Engler said the use of such growth enhancing technologies helps the industry produce safe, wholesome and nutritious beef that is affordable for consumers across the economic spectrum. Beta agonists also help with the overall cost of production, which Engler said can enable feedyards to pay more for feeder cattle. "When the cattle feeders are making money, then the price of feeder cattle usually improves," Engler said.

TCFA At Work For You…

In Recent Weeks, TCFA Staff:

- Hosted conference calls for feedyard managers on the new EPA requirements for reporting greenhouse gas emissions. Managers were briefed on the production information that needs to be recorded in 2010 in preparation for the first report that will be due March 31, 2011.
- Filed comments on proposed changes to the Texas Surface Water Quality Standards. TCFA supported the proposed changes recommended by the Texas Commission on Environmental Quality (TCEQ), which will update the criteria used to assess bacteria impairment in water bodies and will help ensure that impairment designations are based on high quality data collected over several years.
- Assisted TCFA Chairman Mike Engler with the preparation and distribution of a column that promoted the environmental benefits of modern beef production practices and technologies. Engler's column was published in the *Amarillo Globe News* and also appeared on some internet sites.
- Continued participation in monthly meetings of a TCEQ workgroup that is studying proper disposal of unused pharmaceuticals. The workgroup is the result of legislation passed in 2009 and is primarily focused on exploring alternatives for disposal of leftover or expired pharmaceuticals. The definition of "unused" does not include empty containers or sharps.
- Attended the second meeting of the Lesser Prairie Chicken Advisory Committee, which is part of the state of Texas' Interagency Task Force on Economic Growth and Endangered Species. State agencies represented on the Task Force include the Texas Department of Agriculture, the Texas Comptroller of Public Accounts, Texas Parks and Wildlife Department, Texas State Soil and water Conservation Board and the Texas Department of Transportation.
- Testified before the Texas Senate Committee on Agriculture Rural Affairs on innovative ways to increase investment, employment and production in Texas agriculture.
- Represented TCFA at the Texas Comptroller's Ag Property Tax Valuation meeting in Lubbock.

TCFA staff also made 54 visits to member feedyards from mid-March through the month of April.

The 2010 TCFA Fed Beef Challenge certainly did not disappoint as steers and heifers from throughout Cattle Feeding Country made their way to Amarillo to prove once again the best beef anywhere is fed in the TCFA area. Contest cattle were harvested at Tyson Fresh Meats in Amarillo and the carcass data was scored on the Fed Beef Challenge index that uses a base of 100 points and is adjusted for industry markers such as ribeye area, fat thickness, quality grade and yield grade.

Grand Champion Carcass for the 2010 Fed Beef Challenge belonged to Carrizo Feeders Ltd. with a steer that scored a contest high of 110.08 points on the index.

First place pen of steers went to Hansford County Feeders, LP with a total score of 292.46. Cactus Feedyard took second place with a pen of steers totaling 279.46. Third place went to Carrizo Feeders Ltd. with a total score of 274.02.

In the heifer division, Southwest Feedyard claimed first place with a pen total of 290.06. Second place honors went to Hansford County Feeders, LP with a total score of 262.54. Cargill Cattle Feeders - Bovina rounded out the heifer division in third with a total score of 261.12.

The Fed Beef Challenge live evaluation contests proved once again to be a fun and exciting test of the participants' skills. In the Managers "Judge Your Own" contest, Robby Kirkland of Kirkland Feedyard took top honors, winning Kenneth Wyatt artwork for his efforts. Brent Koller with Cactus Feeders Inc. came out on top of the Feedyard Personnel Evaluation Contest and will receive a custom-made trophy saddle.

Over 35 college students competed in this year's Collegiate Evaluation Contest, vying for valuable college scholarships. Layne Foster of Clarendon College claimed first place followed by Clarendon RFO classmate Robert Berry in second. Cade Luckett with Clarendon College rounded out the contest in third.

In the Public Evaluation Contest, Colton Long of Amarillo made his mark by placing first. Johnny Treichel of Clarendon earned second place, and Ben Fort of Happy finished third.

For the first time this year we had a team competion for the collegiate evaluation contestants, First place honors go to a team from Clarendon RFO with members Clayton Dustin, Matthew Allen, Clay Crofoot and Zach Wells. Second place went to Clarendon Livestock Teams with members Morgan Williams, Cade Luckett, Ryan Rotramel and Jordan Hicks. Rounding out the competition in third was another Clarendon RFO Team with members Nathan Gribble, Wyatt Kelln, Caiden Thomas and Jed Sisk.

Thanks to all who participated in the 2010 Fed Beef Challenge and congratulations to all our winners. For more information on contest results, please contact Jason Slane at (806) 358-3681 or jason@tcfa.org

The U.S. And Mexico Have A New Agreement On Interaction Between The Two Countries' Food Safety Authorities. USDA-FSIS announced the signing of a procedural agreement with Mexico's National Service of Health, Food Safety, and Agro-Alimentary Quality (SENASICA). The "Terms of Reference" is a documented procedure for the way in which FSIS engages with its Mexico counterpart. The document focuses on matters of equivalence, audit procedures, the listing and delisting of eligible establishments for export to the two respective countries, and establishing more effective means of communication in areas of public health. FSIS Administrator Al Almanza and SENASICA Director in Chief Enrique Sanchez-Cruz signed the agreement on behalf of their respective governments this week.

"FSIS has been working diligently with SENASICA on this agreement to improve how we work together," said FSIS Administrator Al Almanza. "Through the cooperation of SENASICA, we can jointly continue to enhance our efforts in ensuring food safety and protecting public health." FSIS said the agreement is intended to provide an opportunity for improvement of established procedures. FSIS and SENASICA worked together after SENASICA's request to FSIS for written standard procedures by which the agencies interact on matters of food safety and public health.

To view the full written procedural agreement, go to http://www.fsis.usda.gov/PDF/Terms_of_Reference_Mexico_US.pdf.

Six Additional Strands Of E. *Coli* Should Be Included As Hazardous Adulterants that require USDA testing, according to U.S. Senator Kirsten Gillibrand (D-N.Y.) Gillibrand called for expanding the list of adulterants in a letter to Ag Secretary Tom Vilsack. In addition to E. *coli* 0157:H7, Gillibrand said the Centers for Disease Control and Prevention has identified six other strands, known as non-0157 STECs, that are just as hazardous as E. *coli* and need to be regulated. A news release put out by the senator said non-0157 STECs are increasingly found in beef imported from other countries but never checked for since current law only requires imported ground beef to be checked for E. *coli* 0157:H7.

A Bill To Formally Establish A Chief Veterinary Officer in the U.S. Department of Homeland Security (DHS) has been introduced by U.S. Senators Daniel K. Akaka (D-Hawaii) and John Ensign (R-Nev.). The senators' joint news release says creating this new position would strengthen "DHS' food defense and agricultural security capacity and ability to respond to a crisis related to veterinary health by ensuring that there is a veterinary leader within the Department who is fully prepared and empowered to respond." The bill does not create an additional layer of management within DHS, according to the senators.

U.S. Reps. Mary Jo Kilroy (D-Ohio) and Mike Rogers (R-Ala.) introduced a companion bill in the House on April 21.

Beef Checkoff Communications Efforts Are Enjoying Success. The benefits of eating lean beef have been highlighted in various nutrition media articles recently, including "The Truth About Protein" in the March 2010 edition of *Men's Health.* To see that article, go to http://www.menshealth.com/mhlists/guide-to-protein/recommended-protein-intake.php.

Consistent outreach by the Checkoff to key food publications has also paid off recently with more than 8 million consumer impressions in three placements: *Grilled Steak with Black Eyed Peas*; *Beef Tenderloin with Skordalia*; and *Steak with Sautéed Artichokes and Cherry Peppers*.

At the 2010 Reuters Food & Agriculture Summit in March, the Checkoff fielded questions from 13 of the nation's leading wire reporters about how Checkoff-funded programs help the industry in a changing economic environment. Event participation resulted in five favorable news articles to date, each with an estimated reach of 11.4 million U.S. visitors and 23.5 million global visitors.

Proper Use Of Antibiotics In The Beef Industry Is Addressed In A Four-Part Series airing on NCBA's *Cattlemen To Cattlemen.* The first installment can be seen on RFD-TV at 8 a.m. CDT tomorrow (May 1). There is also a link to the program on our website at http://www.tcfa.org. Additional installments will air in subsequent weeks.

For the series, *Cattlemen to Cattlemen* visited a feedyard, spoke to experts at Kansas State University and also discussed antibiotics with Members of Congress and officials from FDA and USDA-APHIS.