



# TEXAS CATTLE FEEDERS ASSOCIATION

# NEWSLETTER

5501 I-40 WEST

AMARILLO, TEXAS 79106

806 / 358-3681

Volume 44, Number 22

May 28, 2010

**Competition:** U.S. Agriculture Secretary Tom Vilsack confirmed this week that USDA will soon issue new rules, as directed by the 2008 Farm Bill, to modify Grain Inspection and Stockyards Administration marketing regulations in an effort to prevent price discrimination in livestock purchases and provide additional protections for contract poultry growers. Secretary Vilsack did not provide specifics but said the rules changes would allow USDA to "do a better job of responding to some of the complaints we've heard" from producers.

Many of those complaints were reinforced last week at the second USDA / DOJ Agriculture Competition Workshop in Normal, Alabama. Panelists and numerous poultry producers commented on contracting problems, communication troubles and abusive integrator practices but did not believe that they were being harmed by anticompetitive pricing practices. Several producers stated that they were not being paid enough, but pricing is about the same from one integrator to another. However, it was also pointed out that pricing data was scarce because unlike beef and pork, live poultry prices are not required to be reported.

TCFA and NCBA have been aware that USDA was developing new rules and are awaiting their release, at which time staff will analyze, solicit input from members and prepare comments as necessary. In addition, staff will continue to monitor the USDA / DOJ Competition Workshops and continue preparation for the Aug. 27 livestock industry workshop in Fort Collins, Colorado.

**NCBA Leaders Met With USDA Officials In Washington, D.C. This Week** to provide an update on the latest draft of its new organizational structure as proposed by the Governance Task Force (GTF) and subsequent working groups assigned to draft new bylaws and funding schedules. The meeting addressed several concerns that were identified in a letter last week from Ag Secretary Vilsack to NCBA President Steve Foglesong, including more autonomy for the Federation of State Beef Councils (FSBC) in budgeting and leadership selection and the need for a separate voting process on checkoff and policy-related issues.

"For nearly two years, NCBA has been working on a new governance structure to better serve beef producers and the beef industry. Throughout this process the Governance Task Force and the Working Groups have designed the new governance structure to be efficient for the industry and consistent with the legal requirements of the Beef Promotion Research Act & Order that governs the national beef checkoff. Just as they have for 14 years, NCBA and the Federation of State Beef Councils remain committed to being compliant with the Act & Order and to enable USDA and all producers to discern that 100% of the checkoff funds are used appropriately," commented Foglesong in a media briefing this week.

NCBA leadership is considering changes to the new structure to address the concerns expressed by USDA and echoed by other agricultural groups. Current plans call for distribution of a final draft plan to NCBA members in mid-June for consideration prior to voting during the summer conference July 28-31 in Denver.

The USDA meeting included Under Secretary for Marketing and Regulatory Programs Ed Avalos and Deputy Under Secretary John Ferrell, along with other staff and legal counsel. NCBA was represented by NCBA President Steve Foglesong, FSBC Chairman Scott George, GTF Co-Chairs Jan Lyons and John Queen, NCBA CEO Forrest Roberts and others. NCBA leaders also met with representatives of American Farm Bureau Federation, National Farmers Union, Livestock Marketing Association, National Milk Producers Federation, National Livestock Producers Association and U.S. Cattlemen's Association to explain the latest proposal and hear their concerns.

**EPA And Environmentalists Signed A Settlement This Week** as part of litigation over EPA's 2008 Concentrated Animal Feeding Operations (CAFO) rule. The settlement requires the agency to issue by May 28 a draft guidance document to clarify when CAFOs have a "duty" to obtain permits. The guidance is intended to assist permitting authorities in implementing the National Pollutant Discharge Elimination System (NPDES) permit regulations and the Effluent Limitations Guidelines and Standards for CAFOs by specifying the kinds of operations and factual circumstances that EPA anticipates may trigger the duty to apply for permits as

discharging or proposing to discharge. Feedyards in the TCFA region of Texas, New Mexico and Oklahoma have been permitted by state and federal regulatory agencies for several decades.

In addition, the settlement calls for EPA to propose a rule by May 26, 2011 that would institute a nationwide information request of all CAFOs. The request will require CAFOs to submit information to EPA detailing information about their operations, including the name and address of the owner/operator; location of facility; type of facility; size of facility; type and capacity of manure storage; whether manure/wastewater is land-applied; nutrient management plan/practices; quantity and recipient of manure transferred off-site; and whether the facility has a permit. For TCFA feedyard members, this information has already been provided to state and federal permitting authorities. However, it is uncertain how, if and when EPA may require this information to be submitted directly to EPA through a new reporting system.

The settlement agreement outlined above is between EPA and the Waterkeepers Alliance, the Sierra Club, and the Natural Resources Defense Council. Other litigation between EPA and industry is still pending in the 5th Circuit Court of Appeals (National Pork Producers Council, et al. v. EPA, et al.). The outcome of that litigation could affect the environmentalists' settlement agreement.

For more information, contact Ben Weinheimer at [ben@tcfa.org](mailto:ben@tcfa.org).

**TCFA Submitted Comments On Proposed Revisions To Permitting Regulations** for Concentrated Animal Feeding Operations (CAFOs). The draft changes were made available on the Texas Commission on Environmental Quality (TCEQ) website for review and comment prior to official publication in the *TEXAS REGISTER*. The CAFO rules are the basis for issuance of individual CAFO permits in some areas of the state where such permits are required. Most of the feedyards in Texas are permitted under the CAFO General Permit that was reissued in 2009.

TCFA comments emphasized a need for the CAFO rules to be consistent with the changes and improvements that were made to the CAFO General Permit in 2009. In the comments TCFA stated, "We support the current TCEQ permitting system and process for both TPDES individual permits and the CAFO General Permit. These permitting programs have been effectively implemented by the TCEQ and our members. Our members appreciate the ability to apply for permits based on regulatory provisions that are clearly articulated in writing, which minimizes the need for special permit conditions. As such, we would not expect to see major or significant revisions to the CAFO Rules."

In addition, specific comments addressed issues such as when a CAFO will have to file a permit amendment due to a change in crop or yield goal; the need for permits to be based on guidance documents that remain valid during the five-year term of a permit; the ability to utilize county level or site-specific crop yield data; and to allow the use of technologies that would eliminate the requirement for retention ponds at smaller CAFOs.

For more information, contact Ben Weinheimer at [ben@tcfa.org](mailto:ben@tcfa.org).

**TCFA Is Asking Members To Suggest Nominees For Appointment To The Cattlemen's Beef Board.** As a Certified Producer Organization, TCFA has been asked to nominate a producer and alternate for possible appointment to the CBB by Ag Secretary Tom Vilsack. TCFA staff will caucus with other Texas cattle organizations to develop a slate of producers from Texas. Please email names to Shannon Standley at [shannon@tcfa.org](mailto:shannon@tcfa.org) by close of business Tuesday, June 1. TCFA will contact any candidates to determine their interest and potential eligibility.

Please note that individuals serving as Directors of the Federation of State Beef Councils, a division of the NCBA, are not eligible for appointment. Also, board members who will have completed two consecutive three-year terms in January of 2011 are not eligible for reappointment.

**Another Dairy Buyout Begins: Cooperatives Working Together (CWT)** has announced it will conduct a new herd retirement with acceptance of bids beginning today (May 28). The cutoff date is June 25. "It is our belief that a herd retirement at this time will add to the positive momentum already building and should result in speeding up the milk price recovery already in progress," said Jerry Kozak, President and CEO of National Milk Producers Federation, which manages CWT.

This is the tenth herd retirement since CWT began operations in the summer of 2003. The most recent was conducted in the fall of 2009. As was the case in 2009's herd retirement rounds, CWT has no set target for the volume of milk or the number of cows to be removed in this herd retirement. "Whether CWT will remove a significant number of dairy animals will depend on the number of bids received and the price level of those bids. CWT will not pay more for cows than what they are currently worth in the marketplace," Kozak said.

**APHIS Modifies Border Inspections Due to Violence:** USDA-APHIS recently modified the cattle inspection protocol with Mexico to allow APHIS veterinary inspection of imported cattle to occur on U.S. soil rather than in Mexico. This shift in protocol was due to U.S. State Department concerns over safety of APHIS personnel and other employees working in Mexico as drug cartel-related violence along the U.S.-Mexican border escalated around the McAllen and Laredo border crossings. Mexican government and producer association representatives are apprehensive that these safety concerns may interrupt trade relations between Mexico and the U.S. and are anxious to develop solutions.

APHIS, in collaboration with the Texas Animal Health Commission (TAHC) and cattle industry, is allowing Mexican cattle to be inspected by APHIS veterinarians in the current temporary pens at the San Juan Plantation Vat (Hidalgo County) and the City Vat (Webb County). This is the initial phase of a three-phase plan outlined by APHIS to safeguard U.S. cattle from health and disease concerns, while maintaining trade with Mexico.

Under Phase I, which is expected to last five to six weeks, Mexican cattle are visually pre-inspected by Mexican department of agriculture officials (SAGARPA) at the existing export pens at Reynosa and Nuevo Laredo. The cattle are then transported on sealed, escorted trucks to the pens in Pharr and Laredo where APHIS veterinarians conduct the inspection. Rejected cattle are transported by a sealed, escorted truck back to the Mexican pens.

Phase II will establish more long-term (one to two year) locations which are larger and fully meet inspection protocol. Phase III calls for APHIS, TAHC, SAGARPA and industry organizations on both sides of the border to identify locations for the construction of permanent pens on the border that will be more immune to disruptions from many factors.

In a joint letter to APHIS, TCFA, TSCRA, and the Texas Farm Bureau recognized the importance of trade with Mexico – both imports and exports – and committed to work with all stakeholders involved to ensure personnel safety, provide continued animal health protections and maintain trade between the two countries.

**The Obama Administration Must Do More To Strengthen The U.S. Mexico Ties**, according to a letter to the President sent by NCBA, AML and a multitude of other organizations and businesses. The letter emphasizes Mexico's importance as a trade partner and urges the Administration to resolve the ongoing trucking dispute between the two countries and to provide continued support to Mexico's "war on drugs." Mexico is the top export destination for U.S. beef.

To read the full letter, go to <http://www.meatami.com/ht/a/GetDocumentAction/i/59716>.

**U.S. Senate Leaders Have Agreed To Allow Debate** of a Resolution of Disapproval against EPA greenhouse gas (GHG) regulation. The resolution by Senator Lisa Murkowski (R-Alaska) will be debated on June 10. TCFA and NCBA strongly support this resolution as a critical tool to prevent EPA from using the Clean Air Act (CAA) to impose economically devastating climate regulations on agriculture and other U.S. industries. S.J. Res. 26 currently has 41 cosponsors. To pass the resolution, 51 votes are needed.

EPA's "endangerment" finding (issued in December of 2009) provides the foundation for the agency to regulate GHGs from small and large sources throughout the economy (including agriculture, hospitals, office buildings and schools) under the CAA, which is ill-equipped to address climate change. S. J. Res. 26 would in effect reverse EPA's finding, and allow the complex issue of climate change to be handled through thoughtful Congressional debate, rather than unilaterally mandated by the EPA. If agriculture were regulated under the CAA, Title V operating permits alone would cost those in agriculture over \$866 million, in addition to increased costs for feed, fuel and other inputs.

**Scientists Say Accurate Accounting Of Carbon Dioxide Emissions Related To Ethanol** and other forms of bioenergy is essential as Congress and the Obama Administration address climate and energy issues. In the letter to U.S. House Speaker Nancy Pelosi, U.S. Majority Leader Harry Reid, and key Obama Administration officials, 90 leading U.S. scientists caution that ignoring the carbon impact of bioenergy can actually lead to increases in greenhouse gas emissions because not all forms of bioenergy produce less carbon dioxide pollution than fossil fuels. They write: "Replacement of fossil fuels with bioenergy does not directly stop carbon dioxide emissions from tailpipes or smokestacks. Although fossil fuel emissions are reduced or eliminated, the combustion of biomass replaces fossil emissions with its own emissions (which may even be higher per unit of energy because of the lower energy to carbon ratio of biomass)."

"There may be a public perception that all biofuels and bioenergy are equally good for the environment and are all lower in carbon emissions than fossil fuels, but that's not true," said Dr. William Schlesinger, president of the Cary Institute of Ecosystem Studies, one of the scientists who signed the letter. "Many produce just as much or more carbon pollution than oil, gas and coal. If our laws and regulations treat high-carbon-impact bioenergy sources, like today's corn ethanol, as if they are low-carbon, we're fooling ourselves and undercutting the purpose of those same laws and regulations."

**U.S. Senate Agriculture Committee Considers Food Safety Nomination:** Dr. Elisabeth Hagen has been nominated for Under Secretary of Agriculture for Food Safety. NCBA believes Dr. Hagen is a highly qualified candidate for this critical position, which has been left vacant for more than 18 months. Dr. Hagen is currently USDA's Chief Medical Officer, serving as an advisor to the USDA mission areas on a wide range of human health issues. Prior to her current post, she was a senior executive at FSIS, where she played a key role in developing and executing the agency's scientific and public health agendas. Hagen's nomination will now move to the floor for full consideration by the Senate.

### **...Feeders And Feedyards In The News...**

**TCFA Member Jim Bill Anderson** has received the 2010 Leopold Conservation Award for Texas, an honor conferred by Sand County Foundation and Texas Parks and Wildlife Department as part of its Lone Star Land Steward Awards program. Anderson said he will use the \$10,000 check that comes with the award to help develop an interpretive center on his Hemphill County ranch to provide education on conservation and the local ecosystem.

**Tres Hess** is the new manager at Stratford Feedyard.

**Concerns About Trichomoniasis In Southeast New Mexico** has agriculture officials urging cattle producers to join together to combat the problem, the *Current-Argus* in Carlsbad reported. The disease, also referred to as "Trich," does not make bulls or cows outwardly sick, but results in the loss of reproductive efficiency of affected herds, said John Wenzel, New Mexico State University extension veterinarian.

"We're concerned because it has been going around and it has a potential to be a major economic loss to ranchers," said Eddy County Agriculture Agent Woods Houghton. "It's something you can't solve ranch-by-ranch," he said. "The whole community has to come together."

To fight its spread, Houghton said agriculture officials are urging testing of potentially infected animals and promoting a program that establishes a breeding season to better monitor herds.

For more information, contact the Eddy County Agricultural Extension office at 575-887-6595.

**To Help Protect Lesser Prairie Chicken (LPC) Habitat In Historic Rangeland Sites,** USDA-NRCS in Texas has announced \$2 million available through a national initiative.

"This additional assistance, through the Wildlife Habitat Incentives Program (WHIP), offers landowners the opportunity to enhance the LPC habitat in the High Plains and South Plains regions," said Manuel De Leon, NRCS wildlife biologist in Lubbock. "The initiative supplements what we have already been doing to assist landowners in their efforts to improve the habitat."

NRCS will accept applications through Aug. 1. "Landowners interested in the initiative for the LPC should inquire now for technical and financial assistance to help establish and improve the habitat," said De Leon.

The initiative is part of a multi-state opportunity that also includes Oklahoma, New Mexico, Colorado and Kansas. For additional information about the initiative and how to apply, please contact the local NRCS office in your county, or visit the Texas NRCS website at <http://www.tx.nrcs.usda.gov/programs/whip>.

**Commercial Red Meat Production Totaled 4.01 Billion Lbs. In April, Down 2%** from the April 2009 total of 4.09 billion lbs, according to USDA. Beef production, at 2.14 billion lbs., was slightly above the previous year. Total cattle harvest came to 2.85 million head, up 3% from April 2009. The average live weight was down 23 lbs. from the previous year, at 1,253 lbs.

January to April 2010 commercial red meat production was 15.9 billion lbs., down 2% from 2009. For more on the report, go to <http://usda.mannlib.cornell.edu/usda/current/LiveSlau/LiveSlau-05-21-2010.txt>

**Meanwhile, USDA Also Reports Total Red Meat Supplies In Freezers Dropped 16%** from April 2009. Beef in cold storage in April 2010 totaled approximately 314 million lbs., down 9% from April 2009. Pork totals were down 21% from April 2009. For more on the cold storage report, go to <http://usda.mannlib.cornell.edu/usda/current/ColdStor/ColdStor-05-21-2010.txt>.

**USDA-FSIS Has Put Out A Compliance Guide For Mobile Slaughter Units.** This document presents recommendations and is not a regulatory requirement. To view the document, go to [http://www.fsis.usda.gov/PDF/Compliance\\_Guide\\_Mobile\\_Slaughter.pdf](http://www.fsis.usda.gov/PDF/Compliance_Guide_Mobile_Slaughter.pdf).

FSIS is also seeking comments for this guide. Comments will be accepted through July 26. For more information, go to [http://www.fsis.usda.gov/News\\_&\\_Events/NR\\_052410\\_01/index.asp](http://www.fsis.usda.gov/News_&_Events/NR_052410_01/index.asp).

**NCBA's *Cattlemen To Cattlemen* Program Analyzes How Federal Policies Could Impact Beef Producers.** This week's program features NCBA Chief Economist Gregg Doud's facilitation of discussions with Congress members and NCBA government affairs staff about the political climate in Washington, D.C., legislative and regulatory proposals impacting agriculture, and the current state of beef markets. Participants include U.S. Reps. Frank Lucas (R-Okla.), ranking member of the Agriculture Committee, and David Scott (D-Ga.), chairman of the Livestock, Dairy and Poultry Subcommittee. NCBA President Steve Foglesong, Vice President of Government Affairs Colin Woodall and Chief Counsel Tamara Thies are also among the guests.

The program aired live on Tuesday (May 25), but can be seen in its entirety at <http://www.cattlementocattlemen.org/>.

**Memorial Day Weekend!** Please remember those who have made the ultimate sacrifice defending our freedom. And, remember this weekend is considered the traditional start of Grilling Season! TCFA offices will be closed Monday, May 31 in observance of the holiday.

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

Texas Cattle Feeders Association

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