



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

5501 I-40 WEST

AMARILLO, TEXAS 79106

806 / 358-3681

Volume 44, Number 25

June 18, 2010

GIPSA To Issue Proposed Rule On Livestock And Poultry Marketing: During a telephone news conference this morning, Ag Secretary Tom Vilsack announced that USDA-GIPSA will publish on June 22 a proposed rule to address the increased use of contracting in the marketing and production of livestock and poultry by entities subject to the Packers and Stockyards Act. According to Secretary Vilsack, the goal of this rule, which was required by the 2008 Farm Bill, is to provide significant new protections for producers against unfair, fraudulent or retaliatory practices and level the playing field between packers, live poultry dealers, and swine contractors, and the nation's poultry growers and livestock producers. Both the secretary's comments and the press release indicate that the proposed rule would:

- Provide further definition to practices that are unfair, unjustly discriminatory or deceptive, including outlining actions that are retaliatory in nature, efforts that would limit a producer's legal rights, or representations that would be fraudulent or misleading. Additionally, the proposed rule reiterates USDA's position that a producer need not prove economic harm when pursuing a proposed violation under the Act. USDA expects courts to take this position into consideration when considering these cases.
- Define undue or unreasonable preferences or advantages.
- Improve market transparency by posting contracts (except for trade secrets or other confidential information) on GIPSA's website for producers. If different prices or premiums are paid to individual producers, packers will be required to file records of written justification of the differences in prices paid and why.
- Outline protections so that producers can remedy a breach of contract.
- Improve competition in markets by limiting exclusive arrangements between packers and dealers.
- Prohibit contracting of livestock for more than 14 days into the future.

TCFA staff is currently reviewing the rule and will work with the Market Committee and NCBA to develop comments prior to the Aug. 23 deadline.

EPA Puts Off Blend Rate Decision – Again: News services are reporting that EPA says it is still testing the effects of higher ethanol blends on vehicles built after 2007. The agency says the tests should be completed by the end of September. But the announcement again delays – at least until the fall – a blend rate decision that had been expected this month after having been previously postponed from the original December 2009 deadline.

This latest delay drew a bitter reaction from some in the ethanol industry, but Ag Secretary Tom Vilsack was upbeat in a statement issued to the media. *Reuters* quoted Vilsack as saying, "EPA is taking a significant step forward by discussing their timeline to expand E15 to more vehicles. This provides a roadmap to build a stronger domestic biofuels industry by creating a market to expand the use of ethanol in America." Vilsack added, "USDA is surging ahead on our work to provide support to feedstock producers, biofuel refiners, and infrastructure installers, such as blender pumps, to ensure that all the pieces of the ethanol supply chain are ready to supply the market demand."

Vilsack recently told reporters that he expects EPA will approve a blend rate increase. According to the *Food & Fiber Letter*, Vilsack said he believes "there is a need and a commitment and an understanding" that the blend rate must be elevated. Asked about livestock producers' contention that ethanol drives up feed costs, Vilsack said such concerns should be mitigated by recent increases in corn productivity and the ability to use distillers grains as feed. TCFA respectfully disagrees with the Secretary and will continue fighting against a blend rate increase and other ethanol supports, which amount to the federal government unfairly favoring one industry over another in the acquisition of feed grains. Ethanol production is a mature industry and should be allowed to stand on its own in the free enterprise system.

TCFA Opposes APHIS Rule To Allow Brazilian Beef Imports: Earlier this week, TCFA submitted comments opposing the USDA-APHIS proposed rule to change the FMD disease status of Santa Catarina, Brazil, and lift certain restrictions on the importation live animals, fresh beef, fresh pork and other products from Santa Catarina into the United States.

While TCFA supports the concept of regionalization, strict and robust adherence to scientific analysis in all aspects must be thoroughly followed. In this instance, USDA has not performed a risk analysis sufficient to ensure that the health of the U.S. herd will be protected if this rule takes effect. TCFA "is skeptical of Santa Catarina's ability to implement and enforce its protective barriers effectively on a long-term basis. This is especially troublesome given that regionalization undoubtedly will create a two-tiered beef market in Brazil, with cattle prices in Santa Catarina exceeding those of the surrounding states. These economic factors will undoubtedly incentivize entities in Santa Catarina to import contraband cattle from other Brazilian states which may have FMD. More time is needed for Santa Catarina to prove that it can implement an effective FMD prevention program before the U.S. imports live animals or fresh meat from the Brazilian state."

"In addition, TCFA is extremely disappointed that the U.S. government is proposing to provide Brazil with access to U.S. markets even though Brazil continues to ban the importation of U.S. beef and live cattle because of BSE. TCFA is likewise frustrated that the U.S. government has not taken a more proactive approach in resolving this completely unfounded, non-tariff trade barrier against U.S. beef and cattle producers."

TCFA will continue to monitor the rulemaking process and urge USDA to conduct a strong, quantitative risk analysis before proceeding on the rule. A copy of TCFA's comments is available at http://www.tcfa.org/Newsletter/santa_catarina_comments_2010-06-14.pdf.

The "Report Of The Dietary Guidelines Advisory Committee On The Dietary Guidelines For Americans, 2010" was released this week by USDA and the Department of Health and Human Services (HHS). To see the report, go to <http://www.cnpp.usda.gov/DGAs2010-DGACReport.htm>.

Following a public comment period on the Advisory Committee report, USDA and HHS will formulate the new Dietary Guidelines. The 2005 Dietary Guidelines remain the government's current guidance until the 2010 Dietary Guidelines are published, which are scheduled to occur by the end of this year.

NCBA is continuing to analyze the Advisory Committee's report but issued the following statement by NCBA Executive Director for Human Nutrition Research Shalene McNeill, Ph.D., R.D.: "Eating lean beef as part of a balanced diet and being physically active can be part of the solution to maintain a healthy weight, as recommended in the 2010 Dietary Guidelines Advisory Committee's Report. The scientific evidence to support the role of lean beef in a healthy, balanced diet is strong.

"The Dietary Guidelines Advisory Committee addressed being overweight and obesity as the most pressing public health concern facing Americans today. This makes it even more important that we get more nutrition out of each calorie we consume. Choosing lean beef as a source of high-quality protein is actually a calorie-saver. On average, one 3 oz. serving of lean beef provides 154 calories and is a good or excellent source of 10 essential nutrients. It can take two to three times more calories for you to get the same amount of protein from beans, nuts or grains compared to lean beef, which is a critical consideration for those counting calories for weight management.

"We continue to believe the overwhelming scientific evidence that a healthy dietary pattern including balance, variety and moderation, coupled with appropriate physical activity, provides the foundation for a healthful lifestyle."

First published in 1980, the Dietary Guidelines are mandated by Congress to be reviewed, updated and released by USDA and HHS every five years. The Dietary Guidelines contain the latest, science-based nutritional and dietary guidance for the general public. A USDA news release describes the Guidelines as "the foundation for federal nutrition education and promotion programs, as well as the basis for the federal food assistance programs."

Public comments on the Advisory Committee's report are being accepted. Written comments will be accepted until July 15. Oral testimony may be provided at a public meeting to be held in Washington, D.C. on July 8. For more information and to offer comments, go to <http://www.dietaryguidelines.gov>.

Massive Amounts Of Greenhouse Gas (GHG) Emissions Have Been Prevented Thanks To Advances In High-Yield Agriculture over the latter part of the 20th century, according to a new study led by two Stanford Earth scientists. The researchers estimate that the atmosphere has been spared the equivalent of 590 billion metric tons of carbon dioxide.

The yield improvements reduced the need to convert forests to farmland, a process that typically involves burning of trees and other plants, which generates carbon dioxide and other GHG. The researchers estimate that if not for increased yields, additional emissions from clearing land for farming would have been equal to as much as a third of the world's total output of GHG since the dawn of the Industrial Revolution in 1850.

The researchers also calculated that for every dollar spent on agricultural research and development since 1961, emissions of the three principal GHG – methane, nitrous oxide and carbon dioxide – were reduced by the equivalent of about a quarter of a ton of carbon dioxide – a high rate of financial return compared to other approaches to reducing the gases.

"Our results dispel the notion that modern intensive agriculture is inherently worse for the environment than a more 'old-fashioned' way of doing things," said Jennifer Burney, lead author of a paper describing the study published online by the *Proceedings of the National Academy of Sciences*.

For more on the study, go to

<http://www.pnas.org/content/early/2010/06/14/0914216107.full.pdf+html?sid=90b524cd-5635-4d15-97cf-4d64b376f182>.

The Value Of U.S. Beef And Beef Variety Meat Exports In April topped its year-ago level by 27% and was about 10% higher than in April 2003, the last year of "pre-BSE" market access, according to a U.S. Meat Export Federation (USMEF) report. Exports totaled 82,827 metric tons (mt.), valued at \$311.3 million, bringing the cumulative 2010 total to 307,949 mt., valued at \$1.1 billion. Even more impressive was the performance of muscle cuts exports, for which the value of \$268 million was up 37% from a year ago.

U.S. beef exports to Asia continued to grow at a torrid pace in April. Japan is the leading Asian market in 2010 in terms of both volume (26,740 mt.) and value (\$141.8 million). Each of these totals represents an increase of 34% over January-April 2009. But South Korea is right on Japan's heels, with a volume of 26,321 mt., valued at \$112.3 million – increases of 39% and 58%, respectively, over last year.

While economic conditions remain difficult for U.S. beef in Mexico, exports are thriving in all other key global markets, USMEF said. For January-April period, Mexico remained the top market in terms of both volume (77,027 mt.) and value (\$246.9 million), but those totals were down by 25% and 27%, respectively, compared to the first four months of 2009. Despite dramatic gains in many overseas markets, Canada remained the second largest destination for U.S. beef. Exports to Canada were up 13% in volume (45,563 mt.) and 17% in value (\$199.4 million), compared to January-April 2009. In fact, April export value to Canada (\$59.9 million) pulled within just 4% of Mexico (\$62.2 million).

West Texas Agriculture Issues Summit In Plainview: State Rep. Joe Heflin (D-Crosbyton) hosted the first annual West Texas Agriculture Issues Summit in Plainview on Thursday. The well-attended summit provided an opportunity for area producers and rural residents to hear from their elected officials on important legislative and regulatory issues including water, energy, transportation, economic development and redistricting. In addition to Heflin, the summit attendees heard from Texas Agriculture Commissioner Todd Staples (R-Palestine), Senator Robert Duncan (R-Lubbock), House Transportation Committee Chairman Joe Pickett (D-El Paso), Representative David Swinford (R-Dumas) and Representative Rick Hardcastle (R-Vernon).

The Deadline Is July 6 For Masters Of Beef Advocacy (MBA) Graduates To Notify TCFA that they wish to participate in the TCFA MBA Graduation **July 13** at West Texas A&M University in Canyon. The event will run from 9 a.m. to 4 p.m., and lunch will be provided.

If you would like to attend the MBA Graduation, please contact TCFA Communications Director James Hunt at james@tcfa.org or (806) 358-3681. Space is limited to the first 75 graduates to RSVP. If you have already attended an MBA commencement in the past, you are welcome to join us if there is space available after others have responded.

In addition to the ceremonial aspects, the graduation is a full-day, hands-on advocacy workshop that will equip MBA graduates with the communication skills needed to answer tough questions from family, friends and consumers in their local communities as well as to deliver positive messages about beef to consumers in the global online community. **You must have completed all six courses in order to attend**, but there is still plenty of time to finish up and attend this special commencement exclusively for TCFA MBA graduates. The entire curriculum takes about 6-8 hours to complete. If you still need to enroll in MBA, please go to

<http://www.beef.org/mastersofbeefadvocacy.aspx>.

...Feeders And Feedyards In The News...

TCFA Member Alban Jacob "Doc" Bezner, 94, of Dalhart passed away June 11. Bezner had a long career in agriculture and was part-owner of Bezner Beef. **Past TCFA Board Member Michael Bezner** is his grandson. Other survivors of Doc Bezner include two sons, four daughters, nine grandchildren and 16 great-grandchildren.

TCFA Member Emily Fanning recently visited Washington, D.C. as one of 10 students selected as winners in the National FFA Organization's Risk Management Essay Contest. Emily, the daughter of Tom and Michele Fanning, was able to visit with congressional representatives and USDA officials as well as visit Arlington National Cemetery and the White House.

NCBA's Cattle Industry Annual Summer Conference Is July 28 to Aug. 1 at the Sheraton Denver Downtown Hotel (formerly the Adam's Mark Hotel) in Denver, Colo. As part of NCBA's "green" effort, NCBA is not printing a pre-registration brochure, but instead is providing the link to everyone to access the virtual brochure on the website at <http://www.beefusa.org/convsummerconference.aspx>.

The website contains hotel information and a link for making reservations online. The hotel cutoff date is Friday, July 2.

Please use the above link to view the schedule of events, event/program information, and to register and make hotel reservations. Save \$15 off the price of your registration by registering online!

Confirmatory Tests Show Four Cows In A Colorado Dairy Herd Have Tested Positive For Bovine TB.

The ongoing investigation by the Colorado Department of Agriculture and the United States Department of Agriculture began in March 2010 when internal lesions were discovered on a southern Colorado cow at a slaughter facility. Subsequent tracing and testing has led to the discovery of the additional positive cattle. Meat from the infected animals did not enter the food chain; commercially sold milk is pasteurized, killing bacteria with heat, so there is no public health concern when consuming pasteurized dairy products. Livestock owners with questions can contact Colorado's state veterinarian office at (303) 239-4161.

More information on bovine TB is available from the website at http://www.aphis.usda.gov/publications/animal_health/content/printable_version/faq_bovine_tb_.pdf.

TAHC has information on rules regarding importation of animals from other states at <http://www.tahc.state.tx.us/>.

Kansas State University Faculty Member Chuck Rice Will Help Write An Upcoming United Nations Report On Climate Change. *The Topeka Capital-Journal* reported that Rice – a distinguished professor of agronomy – has been selected again to join other leading international scientists as part of the United Nations' Intergovernmental Panel on Climate Change. He will be one of just two lead authors from the U.S. for the chapter on agriculture in the Panel's upcoming "Fifth Assessment Report on Climate Change." The assessment report is expected to be released in 2014.

New Tax Benefits For Employers Are Available Through "The Hiring Incentives To Restore Employment (HIRE) Act," a law enacted earlier this year. The benefits are available to employers hiring workers who were previously unemployed or only working part time. Employers who hire unemployed workers this year (after Feb. 3, 2010 and before Jan. 1, 2011) may qualify for a 6.2% payroll tax incentive that essentially exempts them from their share of Social Security taxes on wages paid to these workers after March 18, 2010. This reduced tax withholding will have no effect on the employee's future Social Security benefits, and employers would still need to withhold the employee's 6.2% share of Social Security taxes, as well as income taxes. Medicare taxes for both the employer and employee would also still apply to these wages. In addition, for each worker retained for at least a year, businesses may claim an additional general business tax credit, up to \$1,000 per worker, when they file their 2011 income tax returns.

The HIRE Act requires that the employer get a statement from each eligible new hire certifying that he or she was unemployed during the 60 days before beginning work or, alternatively, worked no more than 40 hours for anyone during the 60-day period. For more information, go to <http://www.irs.gov/businesses/small/article/0,,id=220745.00.html>. Questions may also be directed to TCFA Controller Christie Culp at christie@tcfa.org or (806) 358-3681.

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