



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

5501 I-40 WEST

AMARILLO, TEXAS 79106

806 / 358-3681

Volume 44, Number 27

July 2, 2010

NCBA Calls Timeout On Governance Structure: NCBA leadership is suspending plans to proceed with changes to its governance structure to allow the Federation of State Beef Councils an opportunity to clarify its role and intentions to all industry shareholders. "We support the decision by NCBA leaders. It will provide time to obtain additional input from members on critical items like the future operating relationship with state beef councils, committee structure and other issues," commented TCFA Chairman Mike Engler.

According to Scott George, division chair of NCBA's Federation, NCBA is not turning its back on revising its governance structure, but rather turning its attention to U.S. producers to ensure a governance structure is developed that fosters unity within the industry. George said the unintended controversy around NCBA's governance proposal was getting in the way of an accurate discussion about the Federation.

"We want to do this right. The Federation effectively represents all cattle producers paying into the checkoff," said George, who is also a Wyoming cattleman. "Quite frankly, it is impossible to do so when there is so much controversy driving a divide within the industry. We have critical issues affecting this industry that requires us to be united, not divided. We are calling a timeout to clarify our role and wishes to all shareholders."

Patti Brumbach, executive director of the Washington State Beef Commission, said the Federation of State Beef Councils is the body that develops and executes a coordinated checkoff plan to build and protect beef demand at the state and national level.

"Without a functioning Federation, coordination is lost and producers' checkoff dollars become ineffective at tackling issues and breaking through a very cluttered consumer environment. Consumers are bombarded everyday with misinformation about beef, and the only way for producers' story to be heard is through the Federation's coordinated efforts. Let me re-emphasize the word coordinated," said Brumbach. "Delaying the discussion about NCBA's governance is not only the right thing to do for state partners, but essential to the effectiveness of the Beef Checkoff Program, which is no more important to any other organization than it is to NCBA. We are doing this to coordinate our efforts for the good of cattle producers working hard to feed a growing global population."

Former Texas Governor Dolph Briscoe, Jr., A True Ally For All Of Agriculture, Passed Away June 27 at the age of 87 at his Uvalde family home.

Briscoe served as governor from January 1973 to January 1979. He served in the Texas House in the late 1940s and early 1950s. As a House member, he was instrumental in the legislative effort to build farm-to-market roads, a vital contribution to agriculture. He was a conservative who worked to keep taxes low and government small.

In addition to his political achievements, Briscoe was a past president of TSCRA, a TCFA member and a strong advocate for the cattle industry. As TSCRA president in 1960, he led a group that raised more than \$3 million in voluntary contributions to encourage the federal and state governments to launch a screwworm eradication program in Texas and the southwest. That program is considered one of the most beneficial developments in the industry's history, as it has saved cattlemen millions of dollars each year.

Briscoe was preceded in death by his wife, Janey Slaughter Briscoe, in 2000. His survivors include three children, TCFA member Dolph "Chip" Briscoe III of Cotulla, Jane Briscoe Marmion of Uvalde and Cele Briscoe Carpenter of Dallas; and five grandchildren.

TCFA's Board Of Directors Met June 25 during TCFA's summer meeting in Santa Fe and took the following actions: (1) Heard progress reports from TCFA Committees on ongoing projects; (2) Appointed the 2011 Nominating Committee, which will work with staff in selecting candidates for the 2011 Board of Directors and 2011 Committees; and (3) Approved a 5¢ per head increase in Association dues to 50¢ per head and reduced the dues rebate rate from 15¢ to 10¢. Additional revenue will be used to strengthen the industry's efforts in Washington D.C. and to enhance TCFA services to members.

FDA Issues Draft Guidance on Antibiotics Use in Livestock: On Monday, FDA issued draft guidance on "the judicious use of medically important antimicrobial drugs in food-producing animals." As a guidance document, these recommendations will not carry the force of law. However, FDA has indicated the document could potentially be used as the basis for future regulations.

FDA's guidance recommends:

1. The use of medically important antimicrobial drugs in food-producing animals should be limited to those uses that are considered necessary for assuring animal health
2. The use of medically important antimicrobial drugs in food-producing animals should be limited to those uses that include veterinary oversight or consultation

While there is no conclusive scientific evidence indicating the judicious use of antibiotics in cattle contributes to antimicrobial resistance in humans, our industry continues to actively monitor all of the international research to ensure our policies are in line with the latest knowledge. TCFA and NCBA support actions based only on sound, peer-reviewed science and risk assessment relative to the use of antibiotics. "Antimicrobial resistance is a multi-faceted and extremely complex issue that cannot be adequately addressed by solely focusing on the use of these medications in animal agriculture," said Dr. Elizabeth Parker, NCBA's chief veterinarian. "Only by carefully evaluating antimicrobial resistance in a comprehensive manner that evaluates all of the peer-reviewed science related to all animal use, human use and industrial use will we effectively address this important issue."

TCFA and NCBA are carefully reviewing the draft guidance and associated reports and plan to seek additional clarity from FDA in the coming weeks.

TCFA Staff Participated In A Public Meeting With USDA-APHIS and other stakeholders regarding the agency's new approach to animal disease traceability that was announced in February. At the meeting, APHIS updated participants on the outcome of their meetings with state and tribal leaders and outlined the thinking of the state/tribal working group relating to the development of performance standards. TCFA staff also had an opportunity to ask questions of APHIS and provide suggestions on how to move forward with development of the program. In order to ensure a system that is both effective and workable for producers, as well as state and federal animal health authorities, it is critical that industry is a collaborator and partner in the discussion and development of the new program rules. A successful system will require a proactive coordinated effort at the state level. TCFA and NCBA will continue to closely monitor this process and provide input to the agency.

The TCEQ Has Adopted Revisions To The Texas Water Quality Standards (TWQS) And Implementation Procedures, which the agency said "will appropriately enhance and classify Texas' rivers, streams, and lakes." A TCEQ news release said the Texas Surface Water Quality Standards describe the chemical, physical and biological conditions to be attained in the surface waters of Texas. TCEQ said the changes were needed to reflect the most recent scientific information.

TCFA Vice President Ben Weinheimer testified Wednesday on the importance of the proposed changes and encouraged adoption. "The proposed changes are based on good science and will allow the TCEQ, industry, stakeholders and the public to focus on water bodies based on the actual level of recreation use." In addition, Weinheimer expressed strong support for the tiered system of recreation use that will allow many water bodies to be placed in categories that are more appropriate, especially those segments that are not swimmable or fishable.

The Commissioners chose to retain 126 *E. coli* per 100 milliliters as the standard for primary contact recreation, asked to continue to be informed about further scientific developments for nutrient criteria, and to consider mechanisms to streamline the process for determining what level of recreation use a water body supports, through a site-specific use-attainability analysis. Commissioners also urged TCEQ staff to continue to collect data and evaluate proper protection levels and ensure the public is protected while state resources are utilized as efficiently as possible.

"While it is unfortunate that the Commission chose not to adopt a statewide change in the base number from 126 to 206 *E. coli* per 100 milliliters, the adoption of the tiered system is a good step in the right direction," Weinheimer said after the Commission took final action on the rules.

Other details on the adopted changes include:

- The revisions establish criteria for nutrients for reservoirs, update numerous toxic criteria, and create new categories for recreation standards so that Texas' waters are protected and classified based on appropriate recreational uses. Before proposing the new revisions, the TCEQ analyzed extensive

scientific information to determine the mechanisms that protect the environment and public health and promote efficient and effective water quality management.

- Under the previous rules, most water bodies in Texas – even intermittently flowing creeks, which are too shallow for swimming – must adhere to recreation standards that are often inappropriate and make it difficult to protect those water bodies in most need of correction. Consequently, the new rules establish several new categories of recreational water standards that more realistically classify water bodies. There are now four tiers of recreational standards which include primary contact, secondary contact 1 and 2, and non-contact. Public participation will be an integral part of the use attainability process for the classification of water bodies for secondary contact.
- In Texas, there are approximately 191,000 miles of rivers and streams. All but about 85 of those river miles are currently classified for swimming (primary contact designation). Of those 191,000 miles of rivers and streams, about 144,600 miles are considered intermittent streams, which are typically too shallow for swimming. These are shallow streams, which flow infrequently and only during heavy rains, and are more appropriately classified as secondary contact.
- Also, in the context of water quality management, TCEQ now extensively monitors surface waters in Texas, and the agency rigorously identifies and takes remedial actions to address water bodies that do not attain all assigned water quality standards. Consequently, the TCEQ is focusing efforts on water bodies that genuinely need restorative actions.

Additionally, for the first time the TCEQ has established numerical nutrient criteria for 75 reservoirs in Texas. This new criteria will protect many major reservoirs by inhibiting excessive growth of aquatic vegetation. The TCEQ worked extensively with an advisory group to develop these nutrient criteria. These criteria are a major step to further TCEQ's water quality management program to protect reservoirs in Texas.

Texas is one of the leading states in evaluating water quality standards for individual water bodies. For this revision, TCEQ has devoted extensive effort to establish 119 tailored site-specific standards for aquatic life, dissolved oxygen, toxic criteria, and aquatic recreation.

Corn Acres And Corn Stocks Both Well Below Trade Estimates: Corn futures posted a 9% spike on Wednesday in reaction to USDA Acreage and Grain Stocks Reports that were both below the range of pre-report estimates. Corn acres were estimated at 87.872 million acres – 926,000 acres below the March estimate and 1.4 million below the average industry estimate. However, acreage is still up 1.6% over the 2009 acres and is the third largest acreage in over 65 years. Iowa alone has 400,000 fewer corn acres than a year ago, which is especially intriguing given the near ideal weather during the planting season. As if the surprise of the smaller than expected corn acres were not enough, the market got an additional jolt when June 1 corn stocks were reported at 4.310 billion bu. That is still up 1.1% over a year ago but a whopping 6.6% below the average trade estimate, which shows that corn usage for the year has been more robust than expected. Initial explanations for the unexpectedly high corn consumption is larger than anticipated use from ethanol producers and that the light test weights of the 2009 crop could be forcing escalated feeding rates. (For analysis, see comments in the TCFA Market Report.)

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.

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. 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>.

TCFA's Leadership Participants in the recent NCBA Young Cattleman's Conference (YCC) were TCFA Board Member Kevin Buse of Hereford and Allen McDonald of Amarillo. The YCC, a nine-day series of events extending from Denver to Washington, D.C., is designed to cultivate leadership in participants by showcasing various aspects of the beef industry and the legislative process.

Describing what his YCC experience meant to him, Buse said, "Being able to step out of your own day-to-day operations and understand what others do in our industry, from production to politics, is something you have to do to gain perspective. It's obvious the industry needs folks like us, especially in Washington, D.C, as much as we need them in order to maintain and grow our industry."

McDonald also cited the benefit of meeting people in the industry who live in other parts of the country or work in different sectors of beef production. He said developing a "common understanding" can help overcome the divisions that occasionally occur in the industry. He also said that going to the nation's capital taught him that there are benefits to getting involved in the political process. "Sometimes we have the tendency to sit here in the Texas panhandle and become somewhat cynical and think there's nothing we can do, nothing we can say, no impact that we can have. But that's not necessarily the truth."



TCFA, TSCRA and Texas Cattle Women's members meet with Senator Cornyn during the NCBA Young Cattlemen's Conference.

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

Melvin R. Karr, 77, of Lubbock passed way June 26. Karr operated a successful beef cattle nutrition business in Lubbock for nearly four decades and was also involved in breeding and racing quarter horses. Survivors include his wife, Lulabelle "Lou" Karr, a son Kendall (also a TCFA member), a daughter and five grandchildren.

Caroline McDonald Eng, 69, passed away June 27 at University Hospital in San Antonio. Caroline was the wife of Dr. Kenneth Eng and had been actively involved as chief financial officer of Eng Ranches, the couple's land business, cattle research and consulting operations. Survivors include her husband, a son, three daughters and eight grandchildren.

Visitors From Down Under: TCFA joined with USDA-NRCS, the American Quarter Horse Association (AQHA), the Texas Corn Producers Board, and the Texas Wheat Producers this week to welcome eight agricultural professionals from Australia and New Zealand, known as the Nuffield Scholars. Among the stops made during their tour was A2 Cattle Feeders in Dimmitt, where owner and manager Mark Adams showed the group cattle feeding techniques and processes, including animal identification tracking system, animal care and safety, feed management and air quality control through dust management. The group also visited a dairy, a lamb operation, the White Energy ethanol plant in Hereford, the AQHA Museum and Palo Duro Canyon for the musical *Texas*.

USDA Has Finalized New Standards For Ground Beef Purchased By USDA-AMS for Federal food and nutrition assistance programs including the National School Lunch Program. The new requirements will apply to AMS ground beef contracts awarded on or after July 1, 2010. A USDA news release said that, in addition to continuing a zero tolerance for E. coli O157:H7 and Salmonella, the new AMS standards: (1) tighten microbiological testing protocols; (2) tighten the microbiological upper specification and critical limits; (3) increase microbiological sampling frequency for finished products to every 15 minutes; and (4) institute additional rejection criteria for source trimmings used to manufacture AMS-purchased ground beef. AMS will also consider any vendor classified by FSIS as having a long term poor safety record as an ineligible vendor until a complete cause-and-effect analysis is completed. The new purchasing requirements can be found in their entirety at <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5085021>.

Agriculture Officials In Ohio Have Cut A Deal With HSUS That Avoids A Ballot Initiative Battle.

Wednesday was the deadline for HSUS to present petition signatures to Ohio's secretary of state to force an initiative onto November's ballot. But HSUS has apparently gotten what it wanted without an election fight.

HSUS President and CEO Wayne Pacelle said the agreement "provides a pathway" for the enactment of major animal welfare reforms. "We are grateful, in particular, for the Governor for helping negotiate this deal, and to agricultural leaders who sat down in good faith on these issues." Ohio Governor Ted Strickland said, "This agreement represents a joint effort to find common ground. As a result, Ohio agriculture will remain strong and animals will be treated better." The governor also said the agreement prevents "expending tens of millions of dollars and unproductive energy fighting an acrimonious campaign" and that "both sides will be able to continue investing in our agricultural base and taking care of animals."

Last year, Ohio voters overwhelmingly approved creation of the Ohio Livestock Care Standards Board – an entity whose proponents had said would protect the state from the intrusion of HSUS into state agricultural policy matters. For information on what the agreement with HSUS includes, go to this document from the Ohio Cattlemen's Association at http://www.tcfa.org/Newsletter/ohio_ag_hsus_agreement.pdf.

President's Call To Action On U.S.-Korea Trade Is A Welcome Move: President Obama recently directed the United States Trade Representative (USTR) to initiate new discussions with South Korea to resolve outstanding trade issues prior to the President's visit to South Korea for the next G-20 meeting in November. According to USTR, "after the meeting and with those issues successfully resolved," the President plans to submit the Korea-U.S. Free Trade Agreement (KORUS FTA) to Congress in the following months.

"We're extremely encouraged that the Administration is making it clear to Congress that it's time to finally move forward on this critical trade deal," said NCBA President Steve Foglesong. "The KORUS FTA could potentially be one of the most significant bilateral agreements in our history." If implemented, the KORUS FTA would reduce Korea's current tariff from 40% to zero over 15 years. The U.S. beef industry would see \$15 million in new tariff benefits in the first year alone, with about \$325 million in tariff reductions annually once fully implemented. In 2003, U.S. beef producers sold \$815 million in beef, beef variety meats and processed beef products to Korea. If KORUS enters into force, Korea could eventually be a \$1 billion market for U.S. beef producers.

With other countries like Australia moving forward on trade agreements with Korea, it's more important than ever that Congress take immediate action on KORUS. "If Australia were to successfully ratify a similar bilateral trade agreement with Korea a year before we do, it would give the Australians a 2.67% tariff advantage over U.S. beef for the next 15 years," said Foglesong. "This would be devastating to the U.S. beef industry, and sadly, the losses would be of our own doing."

As demonstrated by the recent agreement allowing China to resume imports of Canadian beef, TCFA and NCBA recognize that the U.S. cannot afford to sit on the sidelines while other countries move forward on trade negotiations. China represents one of the largest potential growth markets for our industry, worth in excess of \$200 million. "The China-Canada beef deal is evidence of the United States' lack of engagement on trade issues over the past six years," Foglesong continued. "There's no reason why American beef producers shouldn't have the same access to China that Canadians now have."

Ten percent, or approximately 12 million American jobs, depend on exports. Because 96% of the world's consumers live outside U.S. borders, it is critical that we expand our opportunities to sell beef in the international marketplace if we want to keep American family farms in business. TCFA and NCBA believe that with the U.S. economy continuing to struggle, and with other countries outpacing us in the race to ratify new trade agreements, Congress must move forward and take action. In addition to KORUS, TCFA and NCBA are also calling on Congress to move forward on FTAs with Colombia and Panama. For each day Congress delays in approving the Colombia FTA, American exporters overall pay \$2 million in unnecessary tariffs.

Manure Generates Higher Economic Returns Than Anhydrous Ammonia, a Texas AgriLife Research economist said. Dr. Seong Park said animal manure benefits producers by reducing waste management costs and the need for chemical fertilizers because it contains multiple essential crop nutrients. Park said the key between animal manure transitioning from a cost (for disposal) to a benefit (as a fertilizer) is determined by agronomic and economic factors such as chemical fertilizer costs and equipment and labor needed to apply each.

Anhydrous ammonia was the more costly nitrogen source across all the equivalent nitrogen rates of 50, 150 and 450 lbs. of nitrogen per acre, with costs of \$30.86, \$54.88 and \$126.95 per acre, respectively. Park said the higher costs of anhydrous were due to the purchase price, which is not required normally with the use of

manure. Beef manure application costs were \$30.52, \$35.47 and \$47.19 per acre, respectively, at the same rate. "The breakeven is figured by using the actual price of corn plus the cost of fertilizer," he said. "During this study, there was a widening margin in the breakeven between the animal manure-treated corn crops and anhydrous ammonia-treated corn crops, which generated an increased profitability for producers and increased the economic viability of marketing beef manure as a commercial fertilizer."

Park explained if beef manure averages \$2.20 per ton with a shipping cost of 50 cents per mile, it can be profitably transported up to 29 miles from its point of origin in the Oklahoma and Texas Panhandles and be competitive with high anhydrous ammonia prices, as experienced from 2005-2007.

Another benefit of animal manures is the improvement of soil properties such as micronutrients and soil pH, Park said. Throughout his experiment, the beef-manure maintained higher soil pH levels than the corresponding anhydrous plots. Additionally, continued application of anhydrous can lead to acidification and thus losses in productivity, he said. Appropriate nutrient-management practices should be implemented to prevent environmental damages.

Park also warned that site-specific conditions such as weather, animal waste management practices and soil properties would need to be taken into consideration when adapting this information to locations outside the Oklahoma Panhandle. The Agronomy Journal has published the research by Dr. Seong Park, whose work was derived from studies he conducted in the Oklahoma Panhandle while at Oklahoma State University and finalized while in his new position at Vernon.

NCBA Summer Conference: July 13 Is The Deadline For Online Pre-Registration for the event, which runs July 28-Aug. 1 in Denver.

"The Summer Conference is where we dig into issues affecting all segments of the beef industry and the organization," said NCBA President Steve Foglesong, an Illinois cattleman. "We gather as an industry and discuss in great length how to best address critical issues affecting today's beef producer while also looking at the future. Producers are afforded the opportunity to ask questions, provide insight and, most importantly, serve as a guiding light for the organization and the industry. Their input is absolutely vital to the success of NCBA and the sustainability of the U.S. beef industry."

Foglesong said there are many issues that will be on the table for discussion at the conference, including GIPSA's plans for a proposed rule regarding livestock and poultry marketing practices. Meanwhile, Federation Chair Scott George said working with members of the Federation of State Beef Councils to collectively clarify its role within NCBA will be one of the most prominent priorities for the Summer Conference.

Participants in the Conference will also have the opportunity to hear from several speakers including Jude Capper, Ph.D., assistant professor of dairy science at Washington State University; Frank Mitloehner, associate professor and air quality specialist at the University of California; and Jason Clay, senior vice president of Market Transformations, who leads the World Wildlife Federation's forests, fisheries, agriculture, aquaculture and finance initiatives. Temple Grandin will be honored with a Lifetime Achievement Award. Grandin is a world-renowned designer of livestock handling facilities, a professor of animal science at Colorado State University, and one of the world's highest functioning autistics.

For more information about Summer Conference and to register, go to <http://www.beefusa.org/convsummerconference.aspx>.

Happy Fourth of July! As you celebrate our nation's independence with friends and family, please remember the many who gave their lives defending the freedoms we enjoy. TCFA's office will be closed Monday, July 5.

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