



NEWS RELEASE

TEXAS CATTLE FEEDERS ASSOCIATION

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Cattlemen Confronting Challenging Times, According To TCFA Chairman

Throughout 2008, the cattle feeding industry's "biggest challenge has been high grain prices brought on by the government's ethanol policy," Texas Cattle Feeders Association (TCFA) Chairman Walter E. Lasley said at the TCFA Annual Convention in Grapevine.

"Earlier this year, we were seeing losses as high as \$200 a head, largely due to what we are paying for feed. The government's drive to find new forms of energy was hurting us with \$8 a bushel corn. Meanwhile, the traditional forms of energy were also hurting us with gasoline running up around \$4 a gallon and diesel above \$5. So whether it was corn for ethanol or good old fossil fuel, energy was really putting the squeeze on us," Lasley said.

In the past couple months, the cost of fuel and corn have come down significantly, but Lasley said cattlemen cannot celebrate because "the main reason those prices have come down" is the global economic woes that have forced live cattle price down from around \$100-per-hundredweight down to the low \$90s. With the decline in cattle prices, "many of us are back to losing nearly \$200 a head," he noted.

While he expects government ethanol policy to "continue to be a thorn in our side," Lasley said that this year's effort by Texas Governor Rick Perry to seek a reduction in the Renewable Fuel Standard has helped "get the word out about how much government supports for ethanol are killing the livestock industry." EPA ultimately rejected the Governor's request for a lowering of the ethanol production mandate, but Lasley said Perry made his case effectively enough that "I guarantee a lot of lawmakers have a better understanding of what's going on."

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Although 2008 has been a frustrating year in some respects, Lasley pointed to a big silver lining: the recovery of U.S. beef trade.

“We’re finally back in South Korea. Our product still isn’t in as many stores as we’d like, but where it is being sold, U.S. beef is flying off the shelf. On the broader scale, the latest figures from the U.S. Meat Export Federation show that this year we will near 75% of the export volume U.S. beef had in 2003.”

Lasley also labeled the recently implemented mandatory country-of-origin labeling (COOL) “ridiculous.” He believes that if consumers really wanted such labeling, market forces would have dictated it. COOL “shouldn’t have been a government mandate that is only going to drive up costs for the industry.” However, he noted that TCFA banded together with other livestock and agriculture groups and successfully negotiated with USDA to keep producers compliance costs to a minimum.

Such cooperation among agriculture groups must continue, Lasley said. “I think it is vitally important that all of us in agriculture stick together. There are too few of us left to get divided over every little thing that comes along. Let’s find out what unites us and work together.”

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