



# TEXAS CATTLE FEEDERS ASSOCIATION

## NEWSLETTER

5501 I-40 WEST

AMARILLO, TEXAS 79106

806 / 358-3681

Volume 43, Number 5

January 30, 2009

**Cattle Inventory Report Shows Aggressive Liquidation:** According to the USDA report released today, the total number of cattle in the U.S. was estimated at 94.5 million head, 2% below a year ago. Total beef cows were estimated at 31.7 million head, 2% below a year ago, and heifers held back for beef replacements at 5.53 million head, also down 2% below a year ago. The 2008 calf crop was estimated at 36.1 million head, down 2% from 2007. The combined total of calves under 500 lbs. and other heifers and steers over 500 lbs. outside feedlots was estimated at 27.5 million head, up 1%. TCFA's Market Director Don Close said, "The rate of decline in all beef cattle categories was below even the lowest range of the pre-report estimates and should be viewed as very bullish by the market as a whole and especially bullish for the deferred feeder cattle. The combination of ongoing weather distress and economic signals continues to force liquidation. The fact that cattle outside feedyards are up only 1% while feedyard placements have been lower for nine of the past 10 months is incredible."

**The Status Hearing On The Department of Justice (DOJ) Lawsuit Against JBS Was Postponed** for a second time this week. The hearing, which was to have been held in a Chicago federal court yesterday (Thursday), has been pushed back to March 6. The suit involves DOJ's efforts to block JBS's purchase of National Beef Packing. Meanwhile, JBS-USA Chief Executive Wesley Batista told *Reuters* that talks with DOJ continue and he is hopeful of a settlement. Batista also said, "The discussions are about divesting assets, not closing any plants." He would not say which assets are being discussed.

**USDA-ERS Issued A Report This Week Exploring The Impact Of Large Livestock Operations.** In "The Transformation of U.S. Livestock Agriculture: Scale, Efficiency and Risks," ERS details the shift in production in recent decades to much larger and more specialized operations and the increased use of formal contracts and shared ownership of assets to provide for inputs and processing. The report notes that prior to the mid-1960s most cattle feeding occurred in small "farmer-feedlots," but that such operations only feed one-third as many cattle these days. The report says that the transformation of livestock production systems has led to increased productivity, lower prices for consumers and the freeing of land, labor and capital resources for expanded commodity production or other uses. It also says "industrialized livestock production has external costs" such as environmental concerns related to the "high concentration of animal manure," but risks can be reduced through nutrient management plans. To read the full report, go to <http://www.ers.usda.gov/Publications/EIB43/>.

**Two Members Of Congress From The TCFA Area** received high profile assignments on House Agriculture Committee subcommittees this week. Rep. Randy Neugebauer (R-Texas) was named the Ranking Member of the Subcommittee on Livestock, Dairy and Poultry. Rep. Mike Conaway (R-Texas) is the Ranking Member of the Subcommittee on Rural Development, Biotechnology, Specialty Crops and Foreign Agriculture.

**No Dairy Buyout Was Included In The \$819 Billion Economic Stimulus Package** approved by the U.S. House of Representatives this week. The Senate takes up its \$888 billion version next week. TCFA is continuing to work with Senators and Representatives to prevent a dairy buyout from being introduced into the legislation.

**USDA Issued A News Release Identifying Top Priorities For New Ag Secretary Tom Vilsack.** Among the objectives listed:

- Advancing research and development and pursuing opportunities to support the development of biofuels, wind power and other renewable energy sources. Vilsack says USDA needs to make sure that the biofuels industry has the necessary support to survive recent market challenges while

promoting policies that will accelerate the development of next-generation biofuels that have the potential to significantly improve our energy independence.

- Making progress on major environmental challenges, including climate change. Vilsack said it's important that farmers and ranchers play a role with USDA in efforts to promote incentives for management practices that provide clean air, clean water and wildlife habitat, and help farmers participate in markets that reward them for sequestering carbon and limiting greenhouse gas emissions.
- Supporting the profitability of farmers and ranchers by providing a safety net that works for all of agriculture, including independent producers and local and organic agriculture, and enforcing the Packers and Stockyards Act.
- Quickly implementing the 2008 Farm Bill, modernizing the food safety system, and investing in programs that alleviate hunger and suffering overseas and support long-term agriculture development.

Vilsack also said he intends to move quickly to modernize USDA's computer systems and to resolve the Department's struggle with civil rights.

**Panda Ethanol Inc.** has announced that its Hereford Biofuels subsidiary has filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas. According to a news release, the company intends to sell its major asset, the Hereford ethanol refinery, pursuant to a Section 363 sale process approved by the bankruptcy court. The bankruptcy filing does not include Panda Ethanol, the parent company of the Hereford subsidiary, and was precipitated by the refusal of one of the project's leading banks to fund its loans, which the company believes is a breach of the bank's financial commitment. For more information, go to [http://money.cnn.com/news/newsfeeds/articles/prnewswire/200901231756PR\\_NEWS\\_USPR\\_\\_\\_\\_\\_DA62139.htm](http://money.cnn.com/news/newsfeeds/articles/prnewswire/200901231756PR_NEWS_USPR_____DA62139.htm).

**Meanwhile, White Energy Plans To Temporarily Idle Its Ethanol Plant In Plainview**, according to various media accounts. Current market conditions are cited for the decision. The plant's approximately 40 employees will continue receiving pay during what White Energy officials hope will be a short-term shutdown. White Energy's plant in Hereford will remain in operation.

**Been Getting That Email About McDonald's?** Well, it is nothing but a ridiculous hoax. TCFA has never put out any message attacking McDonald's. Every now and then, for some reason, this email starts circulating again. TCFA has a longstanding posting on the home page of our website about it: [http://tcfa.org/McD\\_hoax.htm](http://tcfa.org/McD_hoax.htm). Please tell anyone who asks that the email is completely phony.

**Is The Immigration And Customs Enforcement (ICE) Agency Losing Its Taste For Raids?** Labor attorney Jim Wimberly told attendees at the International Poultry Expo that he thinks so. Wimberly said to expect ICE to shift from high profile raids in favor of quieter administrative audits of I-9 paperwork, according to *Meatingplace.com*. Wimberly said ICE wants to avoid the negative publicity that comes when raids result in television images of agents separating families and steering frightened workers into makeshift courtroom trailers. But Wimberly said any company receiving notification from ICE about an I-9 audit should take it seriously. "In most cases, if you get such a letter it means you are in a company, industry or area of the country under 'great suspicion' of violation. Before they even send the letter, they already know a lot about your company."

**A Ban On Importing Fresh Meat And Livestock From Argentina** would remain in effect under legislation introduced this week by Senators Tim Johnson (D-S.D.) and Mike Enzi (R-Wyo.), the *Argus Leader* of Sioux Falls, S.D. reports. The indefinite ban was put in place after cattle smuggled in from Argentina were found to be infected with the virus that causes FMD. The Obama Administration has put a proposal to lift the ban on hold pending review.

**HSUS Has Filed Legal Action In Defense Of A California Law** that is being challenged in court by NMA and AMI. The law bans harvesting of non-ambulatory livestock for human consumption. NMA and AMI argue that animals often become non-ambulatory due to injuries, not disease, and that federal regulations

should take precedence on this issue. Other animal rights groups are joining in with the HSUS action. A preliminary hearing on the enforceability of the law is scheduled for Feb. 11 in a Fresno federal court.

**AWEP: Up To \$58.4 Million In Financial Assistance** is available to agricultural producers identified in partnership proposals through the Agricultural Water Enhancement Program (AWEP) established in the new Farm Bill to promote ground and surface water conservation and water quality improvement. USDA-NRCS is seeking project proposals from potential partners through this program. A Request for Proposals has been published in the *Federal Register*. Proposals must be submitted by March 2, 2009. Potential partners may submit proposals online at [www.grants.gov/applicants/apply\\_for\\_grants.jsp](http://www.grants.gov/applicants/apply_for_grants.jsp). For more information about AWEP, go to [www.nrcs.usda.gov/programs/EQIP](http://www.nrcs.usda.gov/programs/EQIP).

**Save The Date:** TCFA is hosting a financial seminar on cattle financing, lien laws and other protections available to cattle feeders on Feb. 13 at the Texas A&M University Research and Extension Center in Amarillo. The seminar will run from 10 a.m. to 3 p.m. with a break for lunch, which will be provided. There is a participation fee of \$20 per person. Additional details will be emailed and faxed soon. Please RSVP to [kaci@tcfa.org](mailto:kaci@tcfa.org) if you are interested in attending.

*Please note: All links are still available at [www.tcfa.org](http://www.tcfa.org) under Newsletter links.*