



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

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Ethanol Policy: The Obama Administration has announced formation of the Biofuels Interagency Working Group intended to accelerate investment in and production of biofuels. The Working Group will consist of USDA, EPA and the Energy Department. Efforts to boost biofuels will include refinancing existing investments in ethanol and biodiesel plants and other supporting industries and loan guarantees for development, construction and retrofitting of commercial scale biorefineries. A biofuels market development program will also be initiated. To read more about the Working Group and its biofuels promotion plans, go to <http://www.usda.gov/wps/portal/!ut/p/.s.7.0.A/7.0.1OB?contentidonly=true&contentid=2009/05/0145.xml>.

Meanwhile, EPA released the indirect land use formula that will be used to determine the "lifecycle" impact of ethanol and biodiesel on greenhouse gas emissions (GHG). *Brownfield* reported EPA's proposed rule for advanced renewable biofuels, required under the Energy Independence and Security Act of 2007, evaluates the carbon footprint of such fuels. EPA Administrator Lisa Jackson said the model used to calculate indirect land use change was developed using the "best science" and input from scientists around the world. The rule has a 60-day comment period for the industry to weigh in.

The EPA announcement drew mixed reaction from ethanol producers, with some arguing that it will unfairly penalize corn ethanol. House Ag Committee Chairman Collin Peterson (D-Minn.) said the EPA proposal and pending climate change legislation will combine to "kill off corn ethanol." According to *Feedstuffs*, Peterson reacted by advising the Obama Administration to not count on his support for climate change legislation.

Eminent Domain: The Texas Senate passed comprehensive legislation (SB 18) to modify the process governing eminent domain proceedings. The legislation addresses evidence that can be considered by a court regarding damages, requirements for governmental entities in their dealings with property owners and the ability of previous owners to repurchase taken property (at the original sales price), if not used for the stated purpose within 10 years. Specifically, the bill provides significant and long-sought landowner protections including requirements that authorities involved in the taking of property provide accurate and timely information, negotiate in good faith and provide adequate compensation for impairment of access. TCFA supports this carefully crafted and negotiated bill and is grateful to Senators Craig Estes (R-Wichita Falls), Robert Duncan (R-Lubbock) and Glenn Hegar (R-Katy) for their hard work and dedication to ensuring landowners' rights. The bill has been sent to the House of Representatives for consideration.

U.S. And EU Have Reached An Agreement In Principle that would provide additional duty-free access to the EU market for high-quality beef produced from cattle that have not been treated with growth-promoting hormones – 20,000 tons in the first three years and increasing to 45,000 tons beginning in the fourth year. NCBA Chief Economist Gregg Doud complimented U.S. Trade Representative Ron Kirk and his team for "getting this process moving in the right direction after 20 years of unsuccessful efforts. Once approved, this will be a positive step forward in our goal of expanding U.S. beef market access, but we still have a long way to go before this issue is resolved to our satisfaction."

Under the agreement, the United States will maintain existing sanctions, will not impose new sanctions on EU products during the initial three-year period and will eliminate all sanctions during the fourth year. The two sides will refrain from further litigation at the WTO regarding the EU's ban on beef treated with certain growth-promoting hormones for at least 18 months. Before the end of the four-year period, the two sides will seek to conclude a longer-term agreement.

"This accommodation conceded nothing in terms of the science; it is simply changing the terms of the (sanctions) payment plan," said Doud. "This gives the U.S. beef industry an opportunity to gain duty-free access to one of the most valuable markets in the world. But this does not resolve the hormone dispute."

Nominations Confirmed: Former TCFA Chairman Jim Schwertner was confirmed by the Texas Senate to serve on the Texas A&M University Board of Regents. Schwertner, who is President and CEO of Capitol Land & Livestock in Schwertner, Texas, was appointed by Gov. Rick Perry earlier this year.

The Senate also confirmed the appointment of Dr. Bryan Shaw to serve on the Texas Commission on Environmental Quality. Dr. Shaw was an associate professor in the Biological and Agricultural Engineering Department at Texas A&M University (TAMU). Dr. Shaw, who raises cattle in Brazos County, was appointed by Gov. Perry in 2007 and his term expires in 2013.

Margins Tax: The Texas House of Representatives approved legislation (HB 4765) to increase the small business exemption from the margins tax for the next two years from \$300,000 to \$1 million in gross receipts. This legislation would benefit approximately 39,000 Texas businesses with an estimated cost to the state of \$172 million. The bill has been sent to the Senate for consideration.

The New GIPSA Administrator Is J. Dudley Butler, according to a USDA announcement. Butler has been an attorney in private practice for over three decades and is a certified mediator and arbitrator. He's also been involved in cattle, timber and farming operations.

Also, Homer Lee Wilkes is the nominee for Undersecretary for Natural Resources and Environment at USDA. Wilkes is a 28-year veteran of the NRCS and currently serves as State Conservationist in Mississippi.

BSQA Feedyard Employee Trainings Scheduled. TCFA, in conjunction with Texas AgriLife Extension Service, will host four employee training sessions covering the TCFA Beef Safety Quality Assurance Program. Dr. Ted McCollum, Extension Beef Cattle Specialist, and other extension staff will help feedyard employees learn all the important details of the BSQA program and help them understand how their jobs play a role in beef safety and quality. North Plains training sessions are scheduled for Tuesday, May 12 in Dalhart at the Old Youth Center Building from 8:30 a.m. to 11:30 a.m. and in Perryton at the Ochiltree County Expo Center from 2 p.m. to 5 p.m. South Plains training sessions are scheduled for Thursday, May 14 in Hereford at the Hereford Community Center from 9 a.m. to noon and in Friona at the Hi-Pro Feeds Conference Room from 1 p.m. to 4 p.m. For more information on these training sessions, contact Trent Tyson at (806) 358-3681 or trent@tcfa.org

Producer Participation In NAIS Is Too Low For The Program To Be Effective, USDA Chief Veterinarian John Clifford told a joint hearing of the U.S. House Subcommittee on Livestock, Dairy and Poultry and the Subcommittee on Emerging Threats, Cybersecurity, and Science and Technology this week. "Unfortunately, a disappointing rate of producer participation – currently only 35% – hampers our ability to achieve animal traceability," said Clifford, according to *Reuters*. Clifford would like at least 70% of producers to be involved.

With Wildfires Costing Texas Agricultural Producers About \$35 million during March and April, Texas Agriculture Commissioner Todd Staples is requesting assistance from USDA. Sweeping North Texas wildfires over Easter weekend and recent weeks contributed to losses estimated at more than 220,000 acres of pasture, roughly 1,500 miles of fence and almost 500 cattle and calves.

In a [letter](#) to USDA, Commissioner Staples requests that the secretarial disaster designation process for 18 North Texas counties be initiated immediately and seeks relief funding from the USDA Emergency Conservation Program. Commissioner Staples also asks that acreage in these counties and in neighboring counties enrolled in CRP be opened for haying and grazing.

Dr. David Anderson of Texas A&M University estimates the recent wildfires have resulted in pasture losses at \$2,221,230, fence replacement at \$31,891,200 and cattle and calves losses at \$329,700.

Producers are encouraged to take advantage of the Texas Department of Agriculture's [Hay Hotline](#) at 1-877-429-1998. The hotline is a great resource for those who have extra hay to sell, a pasture to lease or for those who need hay. A [Disaster Resource Information Packet](#) is also available and provides pertinent contact information for state, federal and private agricultural disaster assistance programs. Information on both resources can be found at www.TexasAgriculture.gov.

SPCC Regulations: NCBA and its partners in the Agriculture Coalition on the Spill Prevention, Control, and Countermeasure (SPCC) rule have submitted comments in response to EPA's delay of the Dec. 5, 2008

effective date of the final rule amending the SPCC regulations. According to the *Federal Register* notice, EPA delayed the rule to allow additional time for "assessment of policy and legal issues."

The Coalition is requesting that before any rule is applied to agricultural operations, EPA – in consultation with USDA – evaluate the threat (if any) the industry presents and establish rules applicable to the industry. It also urges EPA to make its intent clear in guidance provided to inspectors to ensure the fewest disagreements during implementation and to accurately calculate the costs of this rule to the agricultural sector in order to fully appreciate the impact upon the rural economy.

Recommendations from the Coalition call for:

- Self-certification proposals: If SPCC is applied to all agriculture operations, the option of self-certification should be allowed.
- Threshold triggers: The current 10,000-gal. aggregate trigger should not be applied to the agriculture industry, and EPA has yet to produce the data needed to determine a meaningful trigger for all sectors of agriculture. Given its unique characteristics and lack of any significant spill history, the agriculture industry should not be regulated in the same way as huge oil tankers.
- Tank size and usage: The volatility in fuel prices makes it financially necessary for growers to seek tanks of a size that can accept bulk orders from their local supplier. The Agency's action on a 10,000-gal. aggregate threshold limits the ability of these growers to move to bulk orders and save money because the loss of a self-certification plan would require the hiring of professional engineers at substantial cost. By limiting choices among growers, EPA will increase costs on a segment of the U.S. economy that has the least power to pass costs along to their customers. EPA should allow tanks the ability to be removed from service and then placed back in service with minimal operational effort.
- Plan development and implementation: EPA should issue a compliance deadline that provides adequate time for producers to develop SPCC plans, secure budgets, and make necessary capital expenditures to comply with the final rule once it has been published.

Animal Welfare Issues In Oklahoma Are Under The Authority of the state's agriculture department and not local government officials, a bill the Oklahoma House of Representatives sent to the governor specifies. The so-called "livestock preemption bill" has been promoted as a check on efforts to enact restrictions on animal agriculture at the local government level. The bill's language says, "No municipality, county, or other political subdivision of this state shall enact or enforce any order, ordinance, or regulation concerning the care and handling of livestock within its jurisdiction that is more restrictive than rules promulgated by the Oklahoma Department of Agriculture, Food, and Forestry concerning the care and handling of livestock or Section 1685 of Title 21 of the Oklahoma Statutes. Ordinances or regulations by municipalities pertaining to land use or to human health or safety shall not be considered to constitute livestock care and handling."

NCBA Takes Stand For Fair Trade: NCBA joined with more than 50 national agriculture and business groups to urge President Obama to support open markets and level playing fields for international trade by upholding U.S. obligations under WTO agreements. The coalition's letter expressed opposition to a provision in the 2009 Appropriations Act that effectively bans imports of some Chinese chicken products, without allowing USDA-FSIS to conduct a necessary and appropriate risk assessment on whether these imports pose any risk to American consumers. Because the provision specifically targets imports from only one country, it conflicts with the U.S. obligation to treat trading partners equally, and has prompted China to request a WTO consultation.

"Trade supports millions of U.S. jobs," said Jill Davidsaver, NCBA manager legislative affairs. "This trade-distorting appropriations language sets a bad example for our international trading partners; if the U.S. doesn't hold itself accountable to the highest standards of fair and science-based trade, how can we expect other countries to do the same?"

China is the only market completely closed to U.S. beef exports, and represents one of the largest potential growth markets for U.S. beef-worth in excess of \$100 billion. The chicken dispute is likely to impede ongoing efforts to open up China to U.S. beef.

President Obama And Vice President Biden Gave Beef A National Media Plug when they made a stop at Ray's Hell Burger in Arlington, Va. Tuesday. *CNN* reported their orders as a basic cheddar cheese burger for the President and a Swiss cheese burger for the Vice President. The cashier's offer of a free lunch was declined. Pointing to reporters assembled around him, the President said "We're paying, or these people

are going to write about how we're free-loading." The President also picked up the tab for the journalists' meals.

The Obama Administration Was Taken To Task By Former Ag Secretary Mike Johanns for focusing more on organic and small farm production than traditional crop and livestock production, *Meatingplace.com* reported. "It is fine to romanticize that farming should return to its agrarian beginnings – where every farm family owned a few acres, a dairy cow, a couple of pigs and a chicken coop – but it is far from realistic." Johanns, who is now a Republican U.S. Senator from Nebraska, made the remarks to the National Association of Farm Broadcasters. He also urged the administration to "not let their fervor for organic production cloud their judgment regarding the production methods for traditional crops [and livestock]," saying fertilizers, pesticides and modern plant and animal genetics help farmers and ranchers fight disease and ensure a safe and abundant food supply. The Obama administration has planted organic gardens at the White House and on the National Mall, and on Wednesday made \$50 million available to encourage more organic agriculture production.

The Drop Credit Is A Significant Obstacle For Cattle Feeders trying to make a profit, NCBA Chief Economist Gregg Doud told *Brownfield*. "If we could get that drop credit back to where it was a year ago, that's a \$5 or \$6 increase per cwt., everybody would be in pretty good shape. I think everybody would be in the black right now," said Doud. He also said the struggling food service sector is hurting beef demand. "Half of our beef is sold at restaurants and outside the home in the United States, and since about the third quarter of last year, those restaurants have been down, in some cases, double digits." The cattle feeding industry has lost more money in the past 15 months than any other time in history, Doud said.

A Bill Encouraging The Construction Of Horse Processing Plants In Montana and restricting legal challenges to such facilities has become law without the governor's signature, the *Billings Gazette* reports. Now that the bill is law, its sponsor, State Rep. Ed Butcher said he will call companies interested in building such plants.

"Realistically, the plant is going to have to be built by the international companies that have access to the (horse meat) markets," Butcher said. "It's foolish for any American investors to build a plant without being in close connection with international companies that control the markets."

Lawmakers in other states are considering similar action. But, as *Stock and Land* reported, it is unlikely that foreign investors will risk investing in such plants unless bills currently pending in Congress that would prevent horse processing are defeated.

Immigration Enforcement: In A Unanimous Ruling, The U.S. Supreme Court has determined that illegal workers cannot be charged with aggravated identity theft in document fraud cases unless they knew they were using a real person's Social Security number. Justice Samuel Alito Jr. argued that the law allows penalties to become a matter of chance, the *New York Times* reported. "If it turns out that the number belongs to a real person, two years will be added to the defendant's sentence, but if the defendant is lucky and the number does not belong to another person, the statute is not violated," Justice Alito wrote in a concurring opinion.

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