



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

5501 I-40 WEST

AMARILLO, TEXAS 79106

806 / 358-3681

Volume 43, Number 29

July 17, 2009

As The Food Safety Debate Continues In Congress, TCFA Member Dr. Sam Ives testified on behalf of NCBA at a House Agriculture Committee hearing Thursday. The Ag Committee hearing was focused on H.R. 2749, the "Food Safety Enhancement Act of 2009," which is intended to expand the role of FDA in the oversight of food production. Members of the Ag Committee are concerned that the bill expands FDA's reach in a way that would diminish USDA's long-standing authority.

Dr. Ives, director of veterinary services and associate director of research at Cactus Feeders, told the committee that the cattle industry understands "the intent of the bill (H.R. 2749) is to exempt livestock and poultry from this FDA-focused bill. However, we are concerned the current bill language does not go far enough to ensure Congressional intent is not misinterpreted. The bill must contain clear legislative language to ensure that FDA is not granted the authority to regulate livestock on-farm by mandating production standards for cattlemen across the country. Live animals are not food until the point of processing, and we would like to see language that explicitly excludes livestock and poultry from the definition of 'food' under this bill and the Federal Food Drug and Cosmetic Act."

"The U.S. has the safest food supply in the world, which is an achievement worth noting," Ives testified. "Science is a critical component of the beef industry and through science-based improvements in animal genetics, management practices, nutrition and health, beef production per cow has increased from 400 lbs. of beef in the mid-1960s to 585 lbs. of beef in 2005. As beef producers, we have our work cut out for us in order to feed our ever-growing population. Cattlemen will continue to increase efficiencies based on science in order to produce high-quality beef with fewer resources being consumed."

H.R. 2749 was recently passed by the House Energy and Commerce Committee. TCFA and NCBA are continuing to work to resolve concerns with the legislation as it heads to the House floor for consideration.

A Proposed Ban On Many Routine Uses Of Antibiotics In Livestock Production has drawn the Obama Administration's support. The *New York Times* reported the Administration hopes such a ban would reduce the spread of dangerous bacteria in humans.

In written testimony to the House Rules Committee, Dr. Joshua Sharfstein, principal deputy commissioner of food and drugs, said feeding antibiotics to livestock to encourage rapid growth should cease. And Dr. Sharfstein said producers should no longer be able to use antibiotics in animals without the supervision of a veterinarian.

The hearing was held to discuss a measure proposed by U.S. Rep. Louise Slaughter (D-N.Y.) to phase out non-therapeutic use in livestock of antibiotics that are important for medical treatment of people. Slaughter chairs the House Rules Committee.

TCFA and NCBA are working to oppose the bill. There is no scientific evidence that the use of antibiotics in livestock production has led to antibiotic-resistant bacteria in the human population.

A Bill To End Government Subsidies For Corn-Based Ethanol has been introduced in the U.S. House of Representatives by Reps. Joseph Crowley (D-N.Y.) and Mary Bono Mack (R-Calif.). TCFA and NCBA support H.R. 3187, "The Affordable Food and Fuel for America Act," which calls for phasing out government supports over five years. The legislation also encourages commercial development of second generation biofuels.

After 30 years of support, corn-based ethanol is still reliant on government support to be commercially viable. TCFA and NCBA believe it is time to allow ethanol to compete on a level playing field and stop supporting one industry at the expense of another.

NCBA President Gary Voogt said, "Since January of 2008, cattle feeders have lost a record \$5.2 billion in equity due to high feed costs and economic factors which have negatively affected beef demand. According to the United States Department of Agriculture Economic Research Service, in 2008 feed costs for livestock, poultry and dairy reached a record high of \$45.2 billion — an increase of more than \$7 billion over 2007 costs. Yet farm gate cattle and calf receipts have essentially remained flat, at between \$49 and \$50.2 billion during the past five years.

"Soaring feed costs and government payments to the ethanol industry are hurting small businesses and family ranches. Cattle producers don't ask for subsidies, just equal footing," he added.

Beef Exports Holding Steady Despite Struggling Global Economy: U.S. beef muscle cuts plus variety meat exports remain on a pace roughly equal to last year, totaling 358,190 metric tons (mt.), valued at \$1.2 billion through May. USMEF reports this represents a 1% increase in volume, but a 3% decline in value compared to the same period in 2008.

Individual market results have been extremely mixed, due in large part to the varied impact of the global recession. Despite limited market access for U.S. beef, Japan has increased its imports by 21% in volume to 29,198 mt. over last year. Mexico remains the top destination for U.S. beef exports, but a struggling economy — which suffered a further setback due to A-H1N1 influenza — has led to a 21% decline in U.S. beef exports to Mexico for a total of 128,875 mt.

Other markets showing declines include Canada (down 11% in volume), Taiwan (down 10% in volume) and the Philippines (down 38% in volume). Although Russia's imports of U.S. beef have increased 22% in volume, there has been a 46% decline in value as the market has shifted away from the U.S. muscle meats it was purchasing in large quantities last year and is now importing mostly variety meat.

Beef exports have increased sharply to Vietnam (up 86% in volume) and Hong Kong (up 41% in volume).

The Beef Checkoff Program Returned About \$5.55 In Value To Beef Producers For Every Dollar They Invested into it between 2003 and 2008. That's the overall conclusion of a new economic study completed by Dr. Ron Ward, professor emeritus for the Food and Resource Economics Department of the University of Florida.

"The marginal rate-of-return is large enough to provide overwhelming evidence that the programs are achieving positive impacts (on) the U.S. demand for beef," Ward said.

"The Beef Checkoff Programs and Their Impact on U.S. Beef Demand" is a comprehensive study that is peer-reviewed by respected economists versed in commodity promotions and the beef industry, and is a follow-up to similar beef checkoff evaluations conducted regularly since 1989.

Among the study's findings:

- The percentage of U.S. households that purchased beef in a given two-week shopping period — at 78.8% — would have been about three percentage points lower between 2003 and 2008 if not for the beef checkoff programs in place then, the study concluded.
- During the period, it became increasingly difficult to attract households to the beef market, so more of the checkoff gains arose from increased servings rather than the percentage of them buying beef. Accordingly, the two-week shopping analysis found an average of 3.42 servings of beef consumed per household member and concluded that each of those households would have purchased about 0.11 fewer servings per two-week period if not for the beef checkoff programs.
- Expressing shifts in demand back to the live weight level, Ward estimates the marginal rates-of-return to the checkoff program between 2003 and 2008 to be \$5.55 for the average checkoff expenditure level.

The full report can be read at <http://www.beefboard.org/evaluation/files/Ward%20Study%202009.pdf>.

Wal-Mart Plans To Develop A Worldwide Sustainable Product Index through a process that starts with 15 questions its top-tier U.S. suppliers will need to answer by Oct. 1, *Meatingplace.com* reports.

The questions encompass four aspects of sustainable product production: energy and climate, natural resources, material efficiency, and people and community. They include specific questions about water use and solid waste production, as well as purchasing guidelines and investment in community development activities. The index will judge products on their impact over their life span, as well as the environmental cost of producing them.

The key to Wal-Mart's plan is to create global standards and measures. Wal-Mart says it wants to provide customers with product information in the form of a rating that will allow them to choose and consume in a more sustainable way. How that information is delivered to consumers is still undetermined, but could take the form of a numeric score, color code or some other type of label.

To see the questions Wal-Mart will ask suppliers, go to

http://www.tcfa.org/Newsletter/walmart_sustainability_2009-07-17.pdf.

A New Online Tool Providing Historical Quality And Yield Grade Information has been created by USDA-AMS. To access the service, go to <http://www.ams.usda.gov/AMSV1.0/MGCGrading>.

July 27 Is The Early Registration Deadline For The Texas A&M University Beef Cattle Short Course. The event is Aug. 3-5 in College Station. Scheduled demonstrations include cattle handling, pen design, carcass quality, cattle selection and business management. For more information and to register, go to <http://animalscience.tamu.edu/ansc/BCSC/index.html>.

A Program Explaining Options For Landowners Faced With Expiring CRP Contracts was conducted recently at the Texas AgriLife Research and Extension Center in Amarillo. AgriLife has now made information from the event available online. To see material from the various presentations go to <http://amarillo.tamu.edu/programs/wildlife/CRP/Agenda.pdf>.

TCFA Sponsor Spotlight. TCFA is proud to recognize its top sponsors whose efforts help deliver top-notch services to members.

This week's spotlight shines on



Pioneer Hi-Bred International, Inc. is a proud supporter of TCFA and the beef industry. Pioneer is the world's leading developer and supplier of advanced plant genetics. In addition, Pioneer develops, produces and markets a full line of top-quality seeds and unique and proprietary forage/grain additives designed to improve the productivity and profitability of beef producers. Pioneer is dedicated to helping you put beef on the plates of consumers around the world. Visit them at www.pioneer.com.

Please note: All links are still available at www.tcfa.org under Newsletter links.