



TEXAS CATTLE FEEDERS ASSOCIATION NEWSLETTER

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EPA Releases New Ethanol Mandate: As required by the Energy Independence and Security Act of 2007, EPA released its final rule for revising the Renewable Fuels Standard Program (RFS). The final rule requires refiners to blend almost 13 billion gallons of biofuels into the fuel supply in 2010, including 6.5 million gallons of cellulosic biofuel and over 1 billion gallons of bio-based diesel. The standard is intended to boost biofuels use to eventually reach 36 billion gallons in 2022, with 21 billion gallons from advanced biofuels. The rule also determines which fuels qualify for credit according to the 2007 energy law's requirement that biofuels reduce greenhouse gas (GHG) emissions compared to gasoline. The law required renewable fuels such as corn ethanol to reduce GHG by 20%, advanced biofuels and bio-based diesel by 50% and cellulosic biofuel by 60%. The law exempted from the 20% requirement corn ethanol facilities that were built or under construction when the law was passed.

According to *Inside EPA*, the agency met fierce opposition when it issued its proposed RFS last spring because it found that some kinds of biofuels, such as corn ethanol and soy biodiesel, would not meet the mandated reduction requirement. However, EPA officials made major changes based on new assumptions developed between the proposal and final rule. For example, in the case of corn ethanol, the agency considered new studies that claim crop yields increase more quickly in response to higher crop prices, which they took to mean that less land is needed domestically and globally for biofuels. Other research also claims that animal feed byproducts are more efficient than the agency had previously assumed, which they used to conclude that exports were not impacted as much as previously projected. EPA Administrator Lisa Jackson went on to claim that corn-based ethanol will reduce GHG by 21% when it replaces gasoline. To learn more about the new RFS or to read the final rule go to <http://www.epa.gov/otaq/renewablefuels/index.htm>.

In addition to the RFS, President Obama's Biofuels Working Group, co-chaired by EPA, USDA and DOE, released its first report titled *Growing America's Fuel*. According to a White House press release, "The report is focused on short-term solid government solutions supporting the existing biofuels industry, as well as accelerating the commercial establishment of advanced biofuels and a viable long-term market by transforming how the U.S. Government does business across departments and using strategic public-private partnerships." To read the full report, go to http://www.whitehouse.gov/sites/default/files/rss_viewer/growing_americas_fuels.PDF.

USDA has also proposed a rule for the Biomass Crop Assistance Program (BCAP) to convert biomass into bioenergy and bio-based products. USDA provides grants and loans and other financial support to help biofuels and renewable energy commercialization. BCAP has already begun to provide matching payments to those delivering biomass for the collection, harvest, storage, and transportation of biomass to eligible biomass conversion facilities. While animal waste and animal waste byproducts such as fats, oils, greases and manure are considered renewable biomass materials eligible for BCAP establishment and annual payments, they are ineligible for BCAP matching payments. To find out more information about BCAP or to read the full rule, go to <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=ener&topic=bcap>.

NCBA Members Elect New Officers And Set Policy: During last week's Cattle Industry Annual Convention in San Antonio, Illinois cattleman Steve Foglesong was officially elected to succeed Gary Voogt as NCBA's new president. Former Vice President Bill Donald of Montana was confirmed as the new president-elect, and former Federation Division Chairman J.D. Alexander of Nebraska was elected to succeed Donald as vice president. Other newly-elected officers include: Scott George, Wyoming, federation division chairman; David Dick, Missouri, federation division vice chairman; Bruce Hafenfeld, California, policy division chairman; and Bob McCann, Texas, policy division vice chairman.

By a vote of 201-13, NCBA's Board adopted a new governance structure designed to make the organization more responsive and efficient in dealing with the many challenges beef producers are presented by the government and by activist organizations. Recommended by a Governance Task Force of producer leaders and state executive officers, the new structure includes:

- A 29-member Board of Directors compared to the 274-member board today,

- A House of Delegates with 250 votes divided among state beef associations (106 votes), state beef councils (106 votes) and allied industry and breed associations (38 votes),
- The current Federation of State Beef Councils as a part of the House of Delegates and whose Chairman and Vice Chairman serve on the new board, and
- A committee process for beef producers to recommend policy changes to the House of Delegates.

The new structure will receive final ratification from members at NCBA's summer meeting when the board considers and adopts changes to NCBA's bylaws to implement the new governance structure.

In addition, NCBA's board approved several policy changes. This includes TCFA's proposal to improve USDA's Mandatory Price Reporting process by

- Creating a report that shows daily intentions of all non-cash traded cattle for at least seven days forward.
- Providing AMS with the ability to request additional information as needed to identify seasonal considerations and special circumstances. (Examples would be the current discount on Mexican cattle or the discount on 30-plus month cattle in the spring.)
- Move the retail price scan data series from the control of ERS and place the series with AMS with funding to reinstate the data series for retail meat prices.

The Board also approved a new policy to urge Congress to immediately ratify the Korea-U.S. Free Trade Agreement (KORUS FTA) and reauthorized several expiring policies supporting cattle health priorities, strategies and educational activities to reduce the spread of animal diseases – including the ability to continue the use of approved antibiotics and a reduction in the RFS and a transition to a market based approach for production and usage of renewable fuels.

All policies adopted are now subject to approval by more than 30,000 NCBA members nationwide. Convention results will become official after a mail-in ballot process concludes in March.

NCBA Is Conducting An Online Survey Until Feb.7. Answers will be kept anonymous and confidential. Completing the questionnaire should take only approximately 15 minutes.

Crystal Mathews, a W.D. Farr Scholar, Missouri cattle producer and Ph.D. candidate at the University of Florida, is conducting this survey, which will provide valuable information to NCBA and the beef industry. The purpose of her study is to determine the leadership education needs of those involved in the cattle industry.

Take the survey at

<http://www.surveymonkey.com/s.aspx?sm=s865lbrJEh0CruZel4AjyO%2b2pk1r9DQR91jGYdY%2fR8%3d&>

Former TCFA Board Member Daryl Berlier Owen has been re-elected to the Cattlemen's Beef Board (CBB) 2010 Executive Committee. The announcement was made following the annual CBB meeting in San Antonio last week.

Meanwhile, Texas cattleman **Dan Dierschke** was elected as chairman of the full CBB. Dierschke will also serve as chairman of the Beef Promotion Operating Committee and as a member of the CBB Executive Committee.

For more information on the 2010 CBB leadership, go to

<http://www.beefboard.org/news/100203NewOfficerRelease.asp>.

President Obama Submitted His \$3.8 Trillion FY2011 Budget Request To Congress this week. Among steps the Administration says will lower the deficit, the budget would eliminate some of the 2001 and 2003 tax cuts for individuals earning over \$200,000 and freeze for three years all non-security discretionary spending. It also assumes an extension of the 2009 estate tax structure, indexing of alternative minimum tax exemptions for inflation and maintaining the current preferential rates for capital gains and dividend income. In addition, the budget included cuts or reductions to 126 programs that would save over \$23 billion in FY2011 – about \$10 billion of those savings would come from 78 terminations and reductions of discretionary programs, and 33 mandatory spending cuts and reductions would save \$240 billion over 10 years. For job creation, the budget includes \$100 billion for immediate investments in small-business tax cuts, infrastructure and clean energy, including a \$33 billion new tax cut to spur small-business hiring and wage increases.

As expected, the budget calls for major reductions in agriculture program spending. Overall, the Administration is seeking \$23.9 billion in discretionary spending next year for USDA, a 5% decrease from the enacted 2010 spending level. Under mandatory spending, which is required by current law, the budget funds the food stamp program at a level of \$75 billion in FY 2011, up from \$56 billion that was enacted in FY 2009. Food stamp benefits have climbed from \$45.9 billion in FY 2009 to an estimated \$54.1 billion in FY 2010 and \$57.1 billion in FY 2011.

The budget also proposes an end to crop subsidies for people with more than \$250,000 adjusted gross income (AGI) from off-farm sources or more than \$500,000 on-farm AGI. The caps now are set at \$500,000 off-farm AGI and \$750,000 on-farm AGI. According to the Office of Management and Budget (OMB), adjusting the AGI cap would save \$2.26 billion over 10 years. In addition to the lower AGI ceiling, the Administration would cap the direct-payment subsidy at \$30,000 a year, down from the current \$40,000 (double for a spouse). "This would allow USDA to target commodity payments to those who need and can benefit from them most, while at the same time preserving the safety net that protects farmers against low prices and natural disasters," says OMB.

The President's proposal also requests \$1.2 billion for the environmental quality incentives program – a 25% reduction in funding. Likewise, the conservation security program would be cut by roughly \$1 million and enrollment held to 12 million acres.

Although the President spoke passionately about increasing exports and access for American goods during the State of the Union address, his budget calls for only \$53 million to develop overseas markets and reduces funding by \$40 million for the Market Access Program, a cost-sharing program with trade groups to promote U.S. goods. Additionally, the budget maintains level funding, \$48 million, for the Office of the U.S. Trade Representative, whose primary duty is to negotiate increased international access for U.S. goods and products.

While Ag Secretary Tom Vilsack is defending the proposed cuts in agriculture program payments, several prominent farm-state Democrats are opposing the cuts. "It is Congress's job to write the annual budget, and based on my conversations with House Leadership, no one is interested in making cuts to the farm bill after the battle we just fought to pass it a year-and-a-half ago," said House Agriculture Committee Chairman Collin Peterson (D-Minn.). Senate Agriculture Committee Chairwoman Blanche Lincoln (D-Ark.) had similar thoughts: "Put simply, the President's proposal picks winners and losers. By targeting policies that rural America relies upon, this proposal places a disproportionate burden on the backs of farmers and rural communities. The farm bill is a contract with our farmers that they depend on to make business decisions. Changing the rules in the middle of the game would be detrimental to their operations and would cost us even more jobs in rural America. I thank the President for his recommendations, but Congress writes the budget. I intend to support measures to reduce the deficit but fight many of the President's proposed cuts that will harm farmers, ranchers and rural communities."

The FY2011 budget proposal increases FDA funding by \$80 million to \$2.43 billion, not including the \$1.27 billion the agency collects in user fees to review product applications and inspect facilities. The President also proposed \$250 million in new user fees for food companies and drug manufacturers, but they would have to be authorized by Congress before they can be collected.

The President's budget proposes \$10 billion for EPA, a \$287 million reduction. Drinking water and waste water treatment programs would receive the sharpest cuts, while climate change programs would receive funding increases. However, unlike last year, the budget does not assume any savings from a mandatory cap and trade program – though it does contain a placeholder should Congress act and revenues materialize.

As mentioned, the President's budget is simply a request, and Congress has the sole duty of writing the budget and appropriating funds. TCFA will continue to engage in the process and work with Congress to ensure adequate funding for those programs important to cattle feeders.

Congress Urged To Examine The Science In The Discussion Of Antibiotics: Kansas State University's Michael Apley, a veterinary clinical pharmacologist, traveled to Capitol Hill this week with NCBA to educate lawmakers and their staff about the use of antibiotics in the beef industry. Dr. Apley and NCBA met with U.S. Reps. Louise Slaughter (D-N.Y.) and Congressman Leonard Boswell (D-Iowa) to discuss H.R. 1549, Slaughter's bill to ban the use of antibiotics in livestock.

"We appreciate Congresswoman Slaughter taking the time to visit with us today. I'm encouraged by her willingness to sit down for an open discussion and that she has extended an offer for us to be involved in the discussions moving forward," said Apley. "As a veterinary clinical pharmacologist, I work to evaluate the benefits and risks of use of antibiotics in livestock. It's extremely important that data-driven review and analysis be the guiding force behind every decision that affects the care of our animals and the safety of the food we eat."

Rep. Boswell, who also has concerns about H.R. 1549, was part of a recent congressional delegation that went to Denmark to examine the impact of that nation's antibiotics ban on swine.

"In Denmark, we heard from farmers who saw increased mortality and illness, in addition to higher production costs, soon after the ban was put in place," Boswell said. "In fact, many small Danish farmers who raised pigs went out of business after the ban. Only the farmers who could afford to implement the ban did survive the transition."

In addition to the meeting with Reps. Slaughter and Boswell, NCBA held a congressional briefing for staff, where Apley discussed the judicious use of antibiotics in the beef industry as one of the critical tools used to raise healthy cattle. The briefing was part of NCBA's ongoing "Beef 101" series to educate policymakers about the beef production process, including the industry's commitment to producing the world's safest, most abundant, nutritious and affordable beef supply.

"Unfortunately, there are a lot of misconceptions and outright misrepresentations out there about why and how antibiotics are used in the cattle industry," said Apley. "The truth is that cattle producers and veterinarians utilize many tools including vaccines, herd health management, genetics and animal nutrition to avoid the need for antibiotics. They must adhere to strict, science-based guidelines in the use of antibiotics to treat, prevent and control disease in livestock. These antibiotics have passed a stringent FDA-approval process, which has demonstrated they are safe and effective."

Apley is a veterinary professor, beef cattle veterinarian, fourth generation beef producer and clinical pharmacologist. He is also a Diplomate of the American College of Veterinary Clinical pharmacology. Apley works with veterinarians throughout the United States concerning the use of medicine in food animals and also in the area of beef cattle health.

"Prevention of disease is a cornerstone in both human and animal medicine," Apley continued. "Veterinarians and producers are intent on fulfilling their obligations to both human and animal health, and our current regulatory process provides methodologies for further evaluating the use of antibiotics in food animals. It would be a tragedy to lose any valuable tools for preventing animal disease without substantial evidence for a benefit to human health."

A New Framework For Animal Disease Traceability Has Been Announced By USDA. The framework provides the basic tenets of an improved animal disease traceability capability in the United States. USDA says its efforts will:

- Only apply to animals moved in interstate commerce;
- Be administered by the states and tribal nations to provide more flexibility;
- Encourage the use of lower-cost technology; and
- Be implemented transparently through federal regulations and the full rulemaking process.

More information on USDA's new direction on animal traceability and the steps to improve disease prevention and control is available at

http://www.aphis.usda.gov/publications/animal_health/content/printable_version/faq_traceability.pdf.

The January 1 Cattle Inventory Report was in line with expectations for cattle inventory but did show a surprising number of cattle on winter grazing. The grand total of All Cattle and Calves at 93.7 million head was down 1% from a year ago. All Cows and Heifers that have calved at 40.5 million head was down 1%, Beef Cows at 31.4 million head were down 1% and Milk Cows at 9.1 million head were down 3%. All Heifers 500 lbs. and over at 19.7 million head were up slightly, Beef Replacement Heifers at 5.4 million head were down 2% and Milk Replacement Heifers at 4.5 million was up 2%. Other Heifers at 9.7 million head was up 1%.

Steers weighing 500 lbs. and over at 16.4 million head were down 2%. Bulls weighing 500 lbs. and over at 2.2 million head were up slightly.

Calves at 500 lbs. and under at 14.9 million head were up slightly. Calf Crop at 35.8 million head was down 1%.

The most unanticipated element of the report was the number of winter grazing cattle in Oklahoma, Kansas and Texas – estimated at 1.92 million head, up 300,000 head over a year ago.

TCFA At Work For You...

In Recent Weeks, TCFA Staff:

- Participated in the 2nd Annual Texas Panhandle Regional Preparedness Conference, focused on continuity of business following a natural or manmade disaster.
- Hosted meetings with federal, state, regional and local emergency management personnel to discuss emergency preparedness for the cattle feeding industry, including site risk evaluations/assessments and development of feedyard-specific plans.
- Focused Environmental Services Program efforts on working with feedyards to complete Annual Reports to the Texas Commission on Environmental Quality, which are due Feb. 15.
- Conducted a workshop with USDA-AMS on Mandatory Price Reporting.
- Worked with TCFA members to develop recommendations for NCBA directive on recommended changes to Mandatory Price Reporting

- Worked with TCFA delegates to the Live Cattle Market Committee at the Cattle Industry Annual Convention to pass directive on recommended changes in Mandatory Price Reporting.
- Provided a legislative and regulatory presentation at the Southwest Beef Symposium in Tucumcari.
- Participated in a legislative and regulatory panel discussion with other commodity groups at the 2010 Pioneers in Agriculture Field Day hosted by the Texas Alliance for Water Conservation in Muncy.
- Made 68 visits to member feedyards from mid-December through the month of January.

TCFA officers, board members, committee members and staff also attended the 2010 NCBA Annual Convention in San Antonio.

The Cattle Feeders Hall Of Fame Is Asking You To Vote On Nominees for the 2010 class. Those on the ballot this year are Robert Rebholtz, Kenneth Monfort, H.C. Hitch, Louie Dinklage and E.C. Crofoot. Deadline for voting is Feb. 28 and you can make your selections by going to http://www.cfhof.org/?hq_e=el&hq_m=607245&hq_l=4&hq_v=1cec4a7f4c.

The honorees chosen this year will be inducted in the summer. Last year, the Hall of Fame inducted as its first ever members **Past TCFA Board Chairman Paul Engler** and W.D. Farr.

Evidence That Red Meat Causes Cancer Could Not Be Found by researchers conducting a comprehensive evaluation of hundreds of existing epidemiologic studies across all types of cancer, the Beef Checkoff has announced.

A report called "Red Meat and Processed Meat Consumption and Cancer: A Technical Summary of Epidemiologic Evidence" has been released to members of the Checkoff's Human Nutrition Research Committee. To read an executive summary, go to

<http://www.beefresearch.org/CMDocs/BeefResearch/Nutrition%20Research/Technical%20Summary%20Executive%20Summary%20for%20Web.pdf>.

Dr. Shalene McNeill, NCBA's executive director of nutrition research, said the report "will serve as a comprehensive resource on the epidemiologic associations of red meat and processed meat and cancer for industry stake holders, nutrition scientists, educators and communicators. It concludes the available epidemiologic evidence is not supportive of a causal relationship between red meat and any of the cancers evaluated."

The beef and pork checkoffs joined forces to fund the development of this report which is the first large-scale review of this topic. The piece was prepared by Health Sciences Practice, Exponent Inc., under the direction of principal investigator Dr. Dominik Alexander.

With The Help Of The Beef Checkoff, A Major South Korean Retailer Is Looking To U.S. Beef to help it rebound from stagnant sales in 2009. The early returns in E-Mart stores look extremely positive.

E-Mart sales lagged behind general economic growth in South Korea last year, and the retailer's management has seized on the concept of Everyday Low Prices (EDLP) to attract new customers, differentiate it from other big-box competitors and drive sales. U.S. beef is one of the key products E-Mart has identified to be part of the EDLP program throughout the year.

E-Mart promoted three U.S. beef items – chilled bone-in short rib, chilled chuck-eye roll and frozen boneless chuck short rib – at 123 of its stores between Jan. 15 and Jan. 20. The promotion was supported by Beef Checkoff investments and USDA Market Access Program funds by conducting sampling of U.S. beef at 30 targeted E-Mart stores and making purchasers eligible for a drawing to win a trip to visit a U.S. ranch. U.S. beef was a popular purchase during the promotion, with sales in the six-day period reaching 1.86 billion Korean won (approximately \$1.6 million), a 300% increase from the previous week.

The Life Story Of Dr. Temple Grandin Will Be Told In An HBO Movie, which premieres Saturday, Feb. 6 at 7 p.m. (CST).

As most people in the cattle business already know, Grandin is one of the world's foremost experts on animal handling. Her vision has led to many innovations that have strengthened the industry. HBO's portrayal of her life certainly covers her revolutionary work with cattle, but the real story is her incredible perseverance in conquering the challenges of autism.

The movie, titled *Temple Grandin*, stars actress Claire Danes as Dr. Grandin.

CBS Plans A Two-Part Report On Antibiotics In Animal Agriculture "Next Week." *Drovers* says the reports might possibly air Feb. 9 and Feb. 10. However, the network has already postponed the airing of its

reports at least twice in recent weeks. Dave Warner of the National Pork Producers Council said, "Feedback from the (CBS) producers suggests the segments will be highly critical of livestock and poultry production."

Four Areas Of Pathogens Research That Could Help Improve Food Safety were outlined by USDA Deputy Under Secretary for Food Safety Jerold Mande in prepared remarks for the dedication ceremony of the Emerging Pathogens Institute at the University of Florida.

Meatingplace.com reports that Mande:

- Suggested research into new and better tools to help farmers and ranchers fight foodborne pathogens. "To take the next big step forward on food safety we need to do more to have fewer pathogens on food animals" immediately prior to harvest.
- Called for more effective testing. "We need better sampling methods based solidly in science. We need better tests that more rapidly detect a broader range of harmful pathogens, including whether pathogens are resistant to antimicrobials. We also need stronger assurance that laboratories used by companies have the expertise and experience to do effective food safety testing."
- Said FSIS inspectors need more sensitive and effective ways to detect foodborne hazards. "We need to do a better job equipping our inspectors with the means to not let harmful pathogens slip by as we stand watch."
- Called for research to discover the unidentified pathogens responsible for the majority of foodborne illness. Mande said according to the Centers for Disease Control and Prevention, as many as 80% of illnesses, 70% of hospitalizations and 65% of deaths could be caused by agents other than the 30 pathogens CDC currently tracks.

HSUS Has Found Itself Unable To Resist Meddling In Ohio. This week the animal rights group announced it will lead an effort to impose restrictions on Ohio farmers similar to California's Proposition 2, which eliminated gestation crates, cages used in egg production, and veal crates.

The Animal Agriculture Alliance reports that a group calling itself "Ohioans for Humane Farms" submitted a petition to Ohio's Secretary of State to place a measure on the November ballot. The group, which is headed by HSUS and Farm Sanctuary, will seek to collect 600,000 signatures in upcoming weeks.

This comes just three months after Ohioans overwhelmingly passed Issue 2, which established an independent Ohio Livestock Care Standards Board to address animal well-being in the state. The fact that nearly two-thirds of voters supported Issue 2 apparently was not good enough to convince HSUS that their intrusion into the state's oversight of agriculture practices was not welcome.

"The enabling legislation (to set up the Standards Board) hasn't passed. The board hasn't been appointed. And the first discussions on what Ohioans find acceptable haven't been held. And yet, HSUS is saying, in effect, Ohioans got it wrong," said Jack Fisher, Ohio Farm Bureau Executive Vice President in an official statement.

To Measure Methane Emissions, California Plans To Install Computerized Monitors in regions that are home to dairy ranches, farms, landfills and other sources. It will be the first network of its kind in the United States, according to *Associated Press*. Seven of the devices should be in place by May at a cost of \$400,000 to the state.

Gradual Improvement In Sales At Restaurants Is Expected This Year, a trade association is forecasting, according to *Feedstuffs*.

The National Restaurant Association anticipates sales reaching \$580 billion, a 2.5% increase over 2009 in current dollars. Quick-service restaurants are expected to fare slightly better than their full-service counterparts as diners focus on specials and value. However, the catering sector is expected to enjoy the largest rebound with projected growth of 4.5% for that sector.

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