



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

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Texas Primary Elections: TCFA urges all members to vote in the 2010 Texas primary elections. Early voting started this week and runs through Friday, February 26. Election Day is Tuesday, March 2. A complete list of the candidates that Beef-PAC of TCFA is supporting can be found at http://www.tcfa.org/Newsletter/candidates_supported-2010_primary.pdf.

Texas Challenges Endangerment Finding: Governor Rick Perry, Attorney General Greg Abbott and Agriculture Commissioner Todd Staples announced at a press conference this week that the state of Texas is suing EPA over its recent finding that greenhouse gases endanger public health and must be regulated. The petition outlines how EPA has ignored major scientific conclusions and questions the federal government decision to regulate greenhouse gas emissions based on fragile claims.

"TCFA very much appreciates Governor Perry, Attorney General Abbott and Commissioner Staples for their hard work on this issue. They continue to provide great leadership and service to the people of this state by fighting to protect Texas agricultural producers and the Texas economy from onerous and unwarranted federal regulations," said TCFA Government Relations Director Josh Winegarner.

Below are some quotes from the press conference. If you would like to watch the press conference in its entirety, please go to http://www.oag.state.tx.us/media/videos/play.php?image=021610epa_newser&id=377.

"EPA's misguided plan paints a big target on the backs of Texas agriculture and energy producers and the hundreds of thousands of Texans they employ," said Governor Perry. "This legal action is being taken to protect the Texas economy and the jobs that go with it, as well as defend Texas' freedom to continue our successful environmental strategies free from federal overreach."

"With billions of dollars at stake, EPA outsourced the scientific basis for its greenhouse gas regulation to a scandal-plagued international organization that cannot be considered objective or trustworthy," said Attorney General Abbott. "Prominent climate scientists associated with the Intergovernmental Panel on Climate Change were engaged in an ongoing, orchestrated effort to violate freedom of information laws, exclude scientific research and manipulate temperature data. In light of the parade of controversies and improper conduct that has been uncovered, we know that the Intergovernmental Panel on Climate Change cannot be relied upon for objective, unbiased science, so EPA should not rely upon it to reach a decision that will hurt small businesses, farmers, ranchers and the larger Texas economy."

Commissioner Staples went on to say, "EPA's move to regulate greenhouse gases would impose devastating rules on those Texans who fuel one of our state's largest economic sectors – farmers and ranchers. As a regulatory agency, the Texas Department of Agriculture is required to impose rules based on sound science – not political science. Not only does state law require this, but it is also a fundamental principle by which regulators all across the U.S. have always lived. EPA has ignored extensive research on greenhouse gas emissions and based this significant regulation on faulty data."

In addition to the state of Texas, petitions were also filed by the states of Alabama and Virginia, NCBA, the Competitive Enterprise Institute and a Coalition consisting of the National Association of Manufacturers, the American Petroleum Institute, the Corn Refiners Association, the National Association of Home Builders, the National Oilseed Processors Association, the National Petrochemical and Refiners Association and the Western States Petroleum Association.

Water Issues Important To Texas Cattlemen Made Headlines This Week. The Texas Water Development Board (TWDB) agreed with local conservation districts and a staff report that concluded the desired future conditions established for the Groundwater Management Area (GMA) 1, which includes parts of the Ogallala and Rita Blanca aquifers in the Texas Panhandle, are reasonable. The desired future conditions call for 80% of groundwater to be left in Hemphill County, 40% to be left in the northwest Panhandle and 50% to be left in most of the rest of the Texas Panhandle after 50 years.

A group of Hemphill County landowners petitioned the TWDB to reconsider the desired future conditions set for GMA 1 arguing that the rules are not equitable across the aquifer and arbitrarily limit the amount of water that some landowners may pump, amounting to a government taking of private property without compensation. The TWDB found the districts properly engaged in joint planning, set goals that do not prohibit pumping, used county lines to define where different goals would be instituted, considered environmental impacts and balanced various interests and uses to arrive at goals that are physically possible. To see a map published by the *Amarillo Globe News*, go to http://www.amarillo.com/photo_pages/021610/68164.shtml.

Meanwhile, the Texas Supreme Court heard arguments in a case regarding the authority of groundwater conservation districts to limit pumping through the issuance of permits. Two Bexar County landowners filed suit against the Edwards Aquifer Authority claiming that the water district's permitting rules violate their property rights and equate to a government taking without compensation.

The Supreme Court's decision in this case could have a major impact on decades of Texas water law, especially the rule of capture and the long standing philosophy that a landowner owns the water beneath his or her land. TCFA has filed an amicus brief in support of the landowners and will continue to monitor developments in this case.

Someone To Watch Over HSUS: The Center for Consumer Freedom (CCF) has launched HumaneWatch.org, a project dedicated to analyzing the activities of the Humane Society of the United States (HSUS). CCF says HumaneWatch will include a blog written by CCF's Director of Research, a growing document library and a database capable of tracking the dozens of nonprofit (and for-profit) organizations that make up HSUS's sprawling financial empire.

HSUS has become the animal rights industry's most powerful player but has avoided serious public scrutiny for years. HSUS raises nearly \$100 million annually from Americans who largely believe their donations filter down to local pet shelters and improve the lives of dogs and cats. But in 2008, less than one-half of 1% of the HSUS budget consisted of grants to actual hands-on "humane societies" that shelter unwanted pets.

"Someone has to ask the hard questions about the Humane Society of the United States, and HumaneWatch will be a relentless source of useful information," said CCF Director of Research David Martosko. "Nearly 1 million Americans donate money to HSUS every year. And most are completely unaware that they're bankrolling PETA-style propaganda, far-reaching anti-meat campaigns, a huge staff of lawyers and bloated pension plans for HSUS executives."

To go to the new website, go to <http://humanewatch.org/>.

Meanwhile, HSUS Has Received Authorization From The Ohio Ballot Board to carry a petition to place an initiative on the state ballot this fall. This is in spite of last year's overwhelming voter approval of a state constitutional amendment to establish a state-run livestock care standards board. Proponents had hoped creation of that board would immunize Ohio from HSUS interference in the regulation of animal agriculture.

HSUS will need to collect 402,275 signatures to bring to the Ohio ballot an initiative largely modeled after "Prop 2," the state ballot item on confinement standards that passed in California in 2008. However, *Feedstuffs* reports the Ohio measure would also require that any on-farm euthanizing of bovine and porcine animals be done using methods approved by the American Veterinary Medical Association and would also stipulate that non-ambulatory cattle are prohibited from being processed for food.

Meanwhile legislatures in two other states – Indiana and Kentucky – are working on bills to address oversight of animal agriculture practices. *Feedstuffs* reports the Indiana House of Representatives has passed a bill that gives regulatory authority to the state's animal health board. Similar legislation is pending in the Indiana Senate. In Kentucky, the state Senate has passed a bill to establish a state commission on livestock standards similar to Ohio's. The bill would also prohibit local governments from passing stricter standards than those approved by the Kentucky state authority.

U.S. Beef Exports Were Down In 2009 But Ended The Year On A Positive Note, according to a report by the U.S. Meat Export Federation (USMEF).

The pace of exports for U.S. beef rose 9% in volume and 4% in value for the month of December 2009 in comparison with December 2008 figures.

For calendar year 2009, beef exports finished about 9% below 2008 in volume, at 897,376 metric tons (mt.) and about 15% lower in value (\$3.08 billion). When examined more closely, however, USMEF says U.S. beef exports held up relatively well considering that the bleak global economy that prevailed throughout much of the year had a particularly strong impact on beef demand.

Much of the decline in beef exports is attributable to lower demand in Mexico, due to that country's deep recession and devaluation of the peso. Total beef/beef variety meat exports to Mexico declined 27% in volume (to 291,700 mt.) and 35% in value (to \$909 million). In fact, exports of HS chapter 0504 products (primarily tripe) to Mexico plunged 52% in volume and 64% in value. If these products are excluded from global totals, U.S. beef/beef variety meat exports declined by just 1.5% in volume and 8% in value compared to 2008.

U.S. beef also fared better than many of its global competitors in 2009. Brazilian beef exports declined 23% to \$3.89 billion; Australia's export value dropped 18.5% to \$3.76 billion and New Zealand fell 19% to \$1.233 billion. Canada's exports declined at a slightly lower rate but still fell 13% to \$1.116 billion. Argentina was the only major exporter to record an increase in 2009 (to \$1.8 billion). But while Argentina's export volume increased 56%, it achieved only a 6% increase in value. This is a strong indication that the increase in exports was largely driven by herd liquidation.

USMEF says the most positive trend for U.S. beef exports in 2009 was the explosive growth achieved in Asian markets:

- December exports to Japan were well above the previous year's level, capping off a year in which exports surged by 23% in both volume and value (to 91,467 mt., valued at \$470 million), but were still short of the 375,993 mt. and \$1.394 billion registered in 2003.
- Year-end exports to South Korea were down compared to 2008 but gained considerable strength as the year came to a close. December exports to Korea were \$29.48 million – nearly double the value from December 2008. According to weekly export data, export volume to Korea exceeded 1,000 mt. per week since late September and averaged about 1,240 mt. per week since the beginning of 2010. The annual totals for 2009 show U.S. beef exports to South Korea at 55,535 mt., down 3% from 2008, and well below the 246,958 mt. recorded in 2003.
- December exports to Taiwan increased 29% from 2008 and jumped 53% from November 2009 – suggesting a quick recovery from the widely publicized controversy over the new trade protocol adopted in October. For the year, export volume was steady at 27,256 mt., but export value increased 11% to an all-time record of \$141.2 million.
- December exports to Vietnam were up 59% in volume and 47% in value over 2008. For the year, record-large exports to Vietnam increased by 31% in volume (to 53,675 mt.) and 29% in value (to \$168 million).
- December exports to Hong Kong were up 124% in volume and 159% in value over year-ago levels. For the year, exports to Hong Kong increased by 145% in volume (to 24,060 mt.) and by 104% in value (to \$84.56 million).

For the year, 10% of U.S. beef and beef variety meat production was exported compared to 11.6% in 2008. The value of exports per head of steer and heifer slaughter was \$118.27 compared to \$133.84 in 2008.

For more data on U.S. beef exports, go to

<http://www.usmef.org:8000/TradeLibrary/files/December%202009%203.pdf>.

Corn Outlook: At the USDA Ag Conference, USDA released its first estimates for the 2010-11 crop. At first glance it appears that USDA is taking an exceptionally conservative approach.

Total corn supplies are estimated at 14.894 billion bu. with new crop production at 13.160 billion bu. USDA elected to pull the national average yield back down to 160.9 bu. per acre, which is in line with historical trend line yields. Harvested acres are estimated to be 81.8 million.

Corn for ethanol use is projected at 4.5 billion bu., which is 34% of the crop. Feed and residual usage is estimated to be down 4% at 5.35 billion bu. Food, seed and industrial use is projected at 5.79 billion bu., up 225 million bu. Corn exports are forecast at 2.1 billion bu., on a rebound in livestock production, but there is increased competition from feed wheat. Corn carryover for 2010-11 is seen at 1.654 billion bu. with a season-average price of \$3.60 per bushel.

Past TCFA President James Herring Has Been Elected As The New President Of CattleFax, a member-owned and member-directed cattle market information and research organization. Herring is president and CEO of Friona Industries. In addition to serving as TCFA's 1997 President, Herring has served several terms on TCFA's executive committee and as a director. He has also served as a director and member of the executive committee of the NCBA. In January 2004, Mr. Herring was appointed to the Texas Water Development Board and, in 2008, was named its Chairman by Governor Rick Perry.

The Best Cattle In Cattle Feeding Country will make their way to the historic Amarillo Livestock Auction on Wednesday, April 21 for the 2010 TCFA Fed Beef Challenge. Feedyards from throughout the TCFA area will

bring top quality steers and heifers to compete for awards, cash and bragging rights. In addition to the carcass contest to determine the best beef, there will be a live evaluation contest, a steak feed and special activities benefiting the TCFA Education Foundation. Watch future editions of the TCFA *Newsletter* for further details. Contact Jason Slane or Trent Tyson at (806) 358-3681 or jason@tcfa.org and trent@tcfa.org for more information.

Calling All Junior Cattle Feeders! The start of the 2010 Junior Fed Beef Challenge is just around the corner. Junior cattle feeders from all over Cattle Feeding Country will be competing for over \$18,000 in scholarships, cash and prizes. Students will compete in four phases of the contest, including carcass merit, record keeping, a written exam and oral presentation or interview. Steers can be validated March 1 through April 1. For more information including important dates, contest information and the official rule book, go to <http://www.tcfa.org/ifbc/index.html>. For questions and to acquire contest ear tags, contact Trent Tyson at (806) 358-3681 or trent@tcfa.org.

Concern That Raising The Ethanol Blend Limit Will Prompt Litigation And Thereby Complicate Implementation is motivating EPA to seek more research to back up its pending decision, *The Food & Fiber Letter* reports.

EPA has delayed its ruling until at least May to conduct further tests on how the blends affect engines of older cars and is also continuing to review what type of label should be affixed to gasoline pumps should the decision be made to increase the allowable blend rate percentage.

No Indication Has Been Given On When The Judge Will Rule in the long-running poultry litter case in Oklahoma, the *Tulsa World* reports. Yesterday (Feb. 18), attorneys for both sides presented final arguments to U.S. District Judge Gregory Frizzell. The state is seeking a moratorium on the application of poultry litter in the Illinois River watershed, saying such action is needed at least temporarily until the court establishes sufficient controls. However, attorneys for the poultry companies say a moratorium is unnecessary and would impose economic hardship on the poultry and cattle industries. The case involves Oklahoma Attorney General Drew Edmondson's claim that the watershed has been degraded because the companies' contract growers have excessively applied poultry litter in fields.

The Texas Drought Has Officially Ended, according to figures from Texas State Climatologist John Nielsen-Gammon, who also serves as a professor of atmospheric sciences at Texas A&M University. The latest U.S. Drought Monitor shows that for the first time since the fall of 2007 none of the state is in drought. Only a few small patches of the state, near the Coastal Bend and along the Texas-Mexico border, are still depicted as abnormally dry. Still, some parts of the state continue to suffer, Nielsen Gammon said. "The recent rain has not fully made up for two years of drought in parts of north-central, south-central and southern Texas."

To see the drought monitor, go to <http://www.drought.unl.edu/dm/monitor.html>.

Net Farm Income Forecast Up Nearly 12% In 2010. The Farm Income Forecast released by USDA-ERS projects net farm income will be \$63 billion in 2010, up \$6.7 billion (11.8%) from 2009. The 2010 forecast is \$1.4 billion below the average of \$64.5 billion in net farm income earned in the previous 10 years. Still, the \$63 billion forecast for 2010 would be the fifth-largest amount of income earned in U.S. farming.

In 2010, the economic conditions for livestock producers are expected to improve, according to USDA, while the economic conditions for crop producers are expected to deteriorate slightly or stabilize. Total expenses are forecast to be little changed from 2009.

Cattle cash receipts are expected to increase \$2.5 billion. The annual average price for cattle is forecast to rise about \$6.22 per cwt. In 2010, a cheap dollar combined with a recovering global economy is expected to result in an almost 8% increase in U.S. beef exports.

View the full report at <http://www.ers.usda.gov/Briefing/FarmIncome/nationalestimates.htm>.

USDA Releases Farms, Land In Farms, And Livestock Operations Report. According to USDA-NASS, the number of farms in the United States in 2008 was estimated at 2.2 million, 0.2% fewer than in 2007. Total land in farms, at 919.9 million acres, decreased 1.56 million acres, or 0.2%, from 2007. The average farm size was 418 acres, unchanged from the previous year. The decline in the number of farms and land in farms reflects a continuing consolidation in farming operations and diversion of agricultural land to nonagricultural uses.

The number of operations with cattle totaled 956,500 for 2008, down 1% from 2007. Beef cow operations in 2008, at 757,000, were also down 1% from the prior year. The number of milk cow operations for 2008 totaled 67,000, down 4% from 2007.

Read the full report at http://usda.mannlib.cornell.edu/usda/current/FarmLandIn/FarmLandIn-02-12-2010_new_format.pdf.

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