



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

5501 I-40 WEST

AMARILLO, TEXAS 79106

806 / 358-3681

Volume 44, Number 35

August 27, 2010

Livestock Industry's Future Is On The Line In The USDA/Justice Department Public Workshop On Livestock Competition. Approximately 1,500 people assembled at Colorado State University in Fort Collins for today's (Friday's) event, which was still underway as *TCFA Newsletter* went to press.

Essentially, the workshop is being used by two powerful federal agencies to gather input on how much further government should go in regulating and restricting the way livestock producers do business with their customers. There is a very strong showing being made by TCFA, NCBA and other organizations that oppose the government dictating how they can own and market cattle and the belief that producers' private business decisions should be just that – private.

Speaking at the event, former TCFA Chairman James Herring warned that the types of restrictions on marketing being considered by the government will remove cattlemen's incentives to produce high quality beef. "The USDA, through the AMS, has spent a lifetime creating a grading system that defines value for beef. Now we have a regulatory arm of the USDA – GIPSA – that is attempting to undermine that very value system for producers. Does that make any sense at all? Will that help us compete against pork and poultry? Will that help us win the 'value' battle for consumers? Will it help cow-calf producers get better value for better cattle? NO!" Herring was a member of a workshop panel on market structure.

Current TCFA Chairman Mike Engler and TCFA Chairman-elect Bo Kizziar led a delegation of TCFA members and staff at the workshop.

Engler is also concerned about the potential impact on beef quality if new restrictions on marketing arrangements are implemented. "Cattle feeders who choose to enter into value-based marketing agreements receive higher prices for higher quality cattle. The higher the value received, the more the cattle feeders can afford to pay for feeder cattle," said Engler. He added, "This economic connection of paying for and receiving value for value has incentivized the entire beef production chain to improve the quality of cattle we produce that becomes the high quality beef that drives consumer demand here and abroad."

Kizziar said, "Ultimately our consumers will suffer when so-called fairness and transparency lead to commodity beef sales and limit their choice in the meat case. I will no longer seek opportunities to provide products they ask for if my market place can't differentiate value and compensate me for the extra cost and effort."

Today's meeting is the fourth in a series of workshops, which are the first-ever to be held by USDA and the Justice Department to discuss competition and regulatory issues in the agriculture industry. Additional information about the workshops can be found at

www.justice.gov/atr/public/workshops/ag2010/index.htm#overview.

Ag Secretary Tom Vilsack said, "Given the consolidation that has taken place in the livestock industry over the past decades, it is critical to ensure a fair market still exists to give all players an honest chance at success."

Attorney General Eric Holder said, "We've made these workshops a cabinet-level priority so that we can most effectively and efficiently determine how to ensure a fairer, more competitive marketplace for producers and consumers alike."

TCFA Newsletter will have more coverage of the workshop and related issues in next week's edition.



Former TCFA Chairman James Herring was a panelist at the USDA/Justice Department Workshop. He is shown here addressing a livestock industry gathering that was held Thursday night to discuss competition issues related to the proposed GIPSA rule. That event, also in Fort Collins, was led by NCBA and NPPC and attended by TCFA officers, members and staff and representatives of other state affiliates.

For more photos from the events in Fort Collins, including today's workshop, go to <http://www.flickr.com/photos/zimmcomm/sets/72157624690482337>.

Is USDA Playing Fair In The Debate Over Competition Issues? A Group Of U.S. Senators Raise That Question in a letter sent to Ag Secretary Tom Vilsack.

The letter signed by U.S. Senators. Tom Coburn (R-Okla.), Pat Roberts (R-Kansas), Sam Brownback (R-Kansas), Saxby Chambliss (R-Ga.) and Mike Johanns (R-Neb.) tells Vilsack that the senators "continue to have concerns about the objectivity of your Department's actions" with regard to the proposed GIPSA rule and the USDA/Justice Department competition workshops.

"Even though you assured us that the workshops would 'be organized and conducted as open and balanced forums to provide an opportunity for diverse viewpoints to be heard,' recent press accounts of an email sent by a USDA official" concerning the Fort Collins workshop "would suggest otherwise. A USDA employee in a Colorado field office used his official government email account to pass along a message from the R-CALF group soliciting attendance at the workshop. This raises serious concerns about the objectivity of your department."

The letter requests that USDA provide:

1. The number of USDA and non-USDA recipients who received the email in question from an official email account;
2. The content of subsequent email messages to and from the official email account responding to the original message;
3. Any memoranda or directives sent to USDA employees asking for assistance in soliciting workshop participants;
4. A description of how the Administration will ensure the August 27, 2010 joint DOJ/USDA workshop will be conducted in a fair and unbiased manner; and
5. All solicitations or position statements from any USDA agent or employee regarding the competition workshops.

The senators also asked USDA to clarify whether comments offered at the workshops will be incorporated into the agency's evaluation of the proposed GIPSA rule. To read the full letter, go to http://www.tcfa.org/Newsletter/gipsa_workshop_letter_2010-08.pdf.

Maybe The Humane Society Of The United States (HSUS) Won't Get Its Way In Ohio After All. Members of the Ohio Livestock Care Standards Board indicated this week that Governor Ted Strickland's non-binding compromise with HSUS is indeed non-binding. Ohio Agriculture Director Robert Boggs told the *The Columbus Dispatch* that what the governor agreed to on confinement standards and other issues will merely be considered alongside ideas from veterinarians, agriculture organizations, producers and other interested parties.

The June agreement persuaded HSUS to withdraw a threat to launch a state ballot initiative in Ohio this fall. At this week's meeting of the Ohio Livestock Care Standards Board, HSUS President Wayne Pacelle told board members that a ballot initiative effort could be revived for a future election if the agreement is not honored.

Ohio voters overwhelmingly approved creation of the Livestock Care Standards Board last year with proponents of the new entity saying it was needed to protect Ohio against the intrusion of HSUS into state agricultural policy matters.

The Checkoff-Funded Beef Innovations Group (BIG) Debuted Six New Cuts From The Beef Round at the first Innovative Beef Symposium this week in Denver. The new cuts are part of BIG's ongoing effort to help cattle producers and the entire beef industry maximize yield, add versatility and increase profitability.

"As the marketplace continues to evolve, it creates opportunities for new beef cuts to be used as a competitive advantage," said Jim Ethridge, senior director of the Beef Innovations Group for NCBA, which contracts to manage new product development efforts for the Beef Checkoff Program. "Past work on the chuck subprimal had yielded benefits to all segments of the industry, and the muscles of the round offer the next frontier of innovation and additional value."

The six new cuts include a portfolio of lean steak and roast options suitable for retail and foodservice outlets:

- Santa Fe Cut – similar to a flank steak, perfect for fajitas, stir fry or for shredded beef
- Round Petite Tender – flavorful, best cut into medallion steaks, offers a restaurant-quality experience on a bed of pasta or a roast for two
- San Antonio Steak – ½-inch lean steak, versatile and cooks fast, works well with a marinade
- Tucson Cut – the perfect lean cut for foodservice operations looking for value
- Braison Cut – ideal for any braising application and makes a great osso buco or pot roast
- Merlot Cut – deep red color, lean and flavorful, ideal for a variety of ethnic dishes

In 2007, BIG began its mission to explore this underutilized subprimal, which represents 30% of the beef carcass. Since then, a team of meat scientists have been working on locating whole-muscle cuts. This effort leverages the Checkoff-funded Muscle Profiling Research, led by NCBA's Product Enhancement team, which aided BIG to uncover many successful cuts over the years known as the "Beef Value-Added Cuts," a line of beef steaks and roasts that allow consumers to enjoy more great tasting steaks and roasts that are easy to prepare and often moderately priced.

Several of these previously launched cuts have grown in popularity such as the Petite Tender, Ranch Steak, Flat Iron Steak and five cuts from the chuck roll, and are now being manufactured throughout the United States and sold through retail and foodservice outlets. CattleFax estimates that BIG's new product development initiatives have already resulted in an industry added-value of \$50 - \$70 per head or \$1.4 billion in annual sales. New cuts from the chuck roll and the round are expected to increase this number significantly as they enter the mainstream marketplace.

TCFA At Work For You...

In Recent Weeks, TCFA Staff:

- Joined TCFA leaders in representing the Association in committee and board meetings at the NCBA Summer Conference working on market structure, beef safety, environmental and other issues.
- Testified to the Agriculture Advisory Council of the Commodity Futures Trading Commission in Washington D.C. on the subject of Mandatory Price Reporting.
- Hosted meetings and conference calls to develop comments on FDA's Advanced Notice of Proposed Rulemaking regarding the Veterinary Feed Directive and the agency's Draft Guidance on Judicious Use of Medically Important Antimicrobial Drugs in Food Producing Animals, both of which will regulate how, when and if antimicrobials may be used.
- Hosted 35 youth participants in the 2010 TCFA Junior Fed Beef Challenge.
- Joined with TCFA members to participate in several meetings with congressional staff and USDA officials to explain the importance of maintaining adequate APHIS inspection services and facilitating imports of Mexican feeder cattle.
- Participated in National Animal Health Laboratory Network tabletop exercise to test diagnostic lab and feedyard sampling capabilities during a foreign animal disease outbreak.

- Participated in groundwater rights discussion in preparation for the 2011 Texas legislative session.
- Hosted discussion and awarding of TCFA Education Foundation scholarships for Fall 2010 semester Masters and Ph.D. students.
- Hosted Plum Island Animal Disease Center research leader on feedyard tour and discussion of research projects.
- Spoke on animal care and market structure issues at Texas Livestock Marketing Association Board Meeting.
- Participated in ag policy discussion meeting with Agriculture Secretary Tom Vilsack and Members of Congress in San Antonio.
- Participated in the Texas State Technical Advisory Committee meeting in Austin to provide input to USDA-NRCS State Conservationist Don Gohmert to represent cattle feeders' continued interest in conservation programs, including the Environmental Quality Incentives Program.
- Successfully completed a required, semi-annual audit by USDA of TCFA's Quality System Assessment (QSA) Program for Age and Source Verification of Cattle for export markets.
- Assisted with an educational tour of a Texas Panhandle cattle feedyard for Austin-based permitting staff from the Texas Commission on Environmental Quality.
- Co-hosted Air Quality Workshops for cattle feeders to hear updates from Texas A&M University and Kansas State University researchers on air emissions, regulatory issues and mitigation practices.
- Made visits to 45 member feedyards between July 24 and Aug. 27.

The Beef Checkoff's Masters Of Beef Advocacy (MBA) Program Has Won A Golden ARC Award. MBA was recognized as the top "Agricultural Image" campaign in the Golden ARC Awards for excellence in agricultural public relations. The Golden ARC Awards were presented at the Agricultural Media Summit by members of the Agricultural Relations Council (ARC), the professional development organization for agricultural public relations practitioners.

TCFA's Industry Relations Committee has made MBA an official TCFA project. All TCFA members are encouraged to go through the MBA program – a free, self-directed online training program designed to equip producers and industry allies with information they need to be everyday advocates and effective spokespersons for the beef industry. After completing six courses, graduates will be invited to attend a commencement advocacy training and graduation ceremony focusing on sharing the positive story of beef one-on-one with friends and neighbors and interacting with consumers across the country using social media tools like Facebook and Twitter.

After finishing the program, participants will be ready to get out and meet consumers where they live. This may be as simple as talking to friends, family and neighbors, or going out to broader audiences, such as schools, businesses and civic groups to tell the beef story.

Interested students can complete an online application and get started earning their MBA today, go to <http://www.beef.org/mastersofbeefadvocacy.aspx>.

"Factory Farming" Is Unfortunately Becoming A More Common Term, according to a consumer tracking study conducted last month. Funded by the Beef Checkoff, the study found that the percentage of consumers who are familiar with the term "factory farming" increased from 49% to 64% in the last two years. The study also found that more than half of consumers believe the beef they buy at the supermarket is from animals raised in factory farms. Of concern, more than half of these consumers worry about the safety of the beef they buy.

"It's a frightening fact how disconnected consumers have become from the everyday workings of our farms and ranches," said Daryl Berlier Owen of Amarillo, a former TCFA Board Member who is chairing the Checkoff's Public Opinion and Issues Management group. "This report may help us learn how to present our story in a way that improves consumers' perceptions of modern beef production. Consumers need to know about the conscientious animal care and the focus on safety to which our industry is dedicated."

The Checkoff's issues management team continues to reinforce the need for producers to share their story with fellow producers, the media and consumers. Producers' voices must be heard to help the industry overcome the bad news, misperceptions, misinformation and fear of the unknown, which can hurt beef demand. According to past Checkoff studies, the most compelling animal welfare support statement to combat those "factory farming" accusations is "doing the right thing for and by animals."

Owen said, "Consumers want to buy beef. If we continue to share our good news and stories about real, hard-working people, we can create the confidence consumers need to keep buying beef."

For more about the study, go to

<http://www.beefresearch.org/CMDocs/BeefResearch/Market%20Research/Project%20Snapshot%20Factory%20Farming%20081810.pdf>.

USDA Reports That On July 31 Total Red Meat Supplies In Freezers Were Down 20% From Last Year and 1% from the previous month. Beef in cold storage had declined 13% from last year but had risen 4% from the prior month. Frozen pork supplies had dropped 28% from the same reporting period in 2009 and were 5% below previous month levels. Total frozen poultry supplies were down 11% from a year ago but up slightly from the prior month. For more on the cold storage report, go to

<http://usda.mannlib.cornell.edu/usda/current/ColdStor/ColdStor-08-20-2010.pdf>.

Commercial Red Meat Production For The United States Totaled 3.96 Billion Lbs. In July, down 4% from the 4.12 billion lbs. produced in July 2009, according to USDA. Beef production, at 2.23 billion lbs., was 2% below the previous year. Cattle harvest totaled 2.9 million head, down 1% from July 2009. The average live weight was down 9 lbs. from the previous year, at 1,273 lbs.

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