

Full length version of articles abbreviated in TCFA Newsletter print edition.

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Farm Bill Update

Farm Bill negotiators made a lot of progress late Thursday night, or early Friday morning, depending on the time zone. A tentative funding agreement reached late last week provided the catalyst that was needed for the conference committee to clear several policy issues. The Senate provision banning packer ownership of livestock was soundly defeated allowing conferees to close the livestock title of the bill, which also contains the compromise language on COOL, including a grandfather provision that allows all cattle in the U.S. on or before July 15, 2008, to be considered U.S. origin. There are still a few unresolved issues, but they are expected to be addressed early next week and the conference report sent to the House and Senate shortly thereafter.

Congress also passed another extension of the 2002 Farm Bill yesterday. The latest extension—the sixth since the law was originally set to expire—will run through May 16. The President is expected to sign the extension despite his unhappiness with the slow progress and what the Administration considers insignificant reform in the underlying bill.

Lawmakers Rethinking RFS

After *Newsletter* went to press last Friday, Texas Governor Rick Perry sent a letter to EPA requesting a waiver of 50% of the Renewable Fuels Standard (RFS) to provide relief for consumers and livestock producers from inflated food and feed prices due in part to government-driven demand for ethanol.

“While the government’s ethanol policy (RFS, blender’s credit and ethanol tariff) is not the only thing driving increases in corn prices, it is certainly a major factor. Just look at the price trends for corn since the federal government began its big push for ethanol three years ago,” said TCFA President & CEO Ross Wilson. “Cattle feeders are undoubtedly struggling with excessively high feed prices and the governor should be congratulated for taking the lead and bringing this issue to the forefront.”

Texas Agriculture Commissioner Todd Staples also was heavily involved in these discussions. “As Congress enacted the RFS mandate, they also purposefully and wisely included a waiver provision to account for critical times such as these,” Staples said.

On the national level, U.S. Senator Kay Bailey Hutchison (R-Tex.) is leading the charge in the Senate—spearheading another letter to EPA making the case for a waiver and authoring a bill to freeze the RFS at its current level. “This was a well intentioned measure, but it was also impractical. It’s had an unintended, adverse economic impact on a large cross section of our nation,” she said. U.S. Senator James Inhofe (R-Okla.) recognized Hutchison’s hard work during a speech on the Senate floor in which he called on Congress to revisit the ethanol mandate and asked EPA to exercise its “congressionally given authority to waive all or portions of these food-to-fuel mandates as part of its rulemaking process.”

In the House, Representative Jeff Flake (R-Ariz.) has sent a letter to President Bush and introduced the Remove Incentives to Produce Ethanol Act of 2008 (H.R. 5911)—a bill that’s title speaks for itself.

However, not everyone is happy with the attention and added scrutiny that the government’s ethanol policies are now receiving. At a press conference on Wednesday in Washington, D.C., representatives from the National Corn Growers Association (NCGA), the Renewable Fuels Association and several ethanol companies shot back and blamed high fuel prices and the tightening oil market as the main culprits driving the increases in commodity and food prices.

“While we do have some role in higher corn prices, we’re closer to a Little Bo Peep than an ax murderer,” said NCGA President Rick Tolman.

However, at a Joint Economic Committee hearing yesterday, USDA Chief Economist Joseph Glauber told lawmakers that increased biofuels production has caused much of the dramatic increase in farm prices for corn and soybeans.

Pew Commission Criticizes Modern Livestock Industry Practices

Banning the non-therapeutic use of anti-microbials in food animal production is a principal recommendation in a report issued by the Pew Commission on Industrial Farm Animal Production (PCIFAP) this week.

John Carlin, PCIFAP Chairman and former Kansas governor, said “The goal of this Commission is to sound the alarms that significant change is needed in industrial farm animal production.” PCIFAP contends that current day livestock production poses unacceptable risks to public health, the environment and animal welfare.

PCIFAP argues that the use of antimicrobials is a possible contributing factor to human resistance to antibiotics. However, NCBA and TCFA point out that several layers of human health protections have been put in place during the past decade to reduce such risk. By law, no meat sold in the U.S. is allowed to contain antibiotic residues that violate FDA standards. Also, antibiotics used in beef cattle must go through rigorous scientific testing before receiving FDA approval.

The PCIFAP report also calls for more regulation of animal waste, implementing a disease monitoring program for food animals to allow 48-hour trace-back, and increasing funding for animal agriculture research.

TCFA Chairman Walt Lasley said, “It seems that the Pew Commission believes our industry is under-regulated. We simply don’t agree. Cattle feeders’ operations are examined by FDA, USDA, EPA, OSHA and many state agencies. Every aspect of our industry receives stringent oversight whether its food safety, animal health, manure management, or air, water or soil quality.”

To see the PCIFAP report, go to

http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Industrial_Agriculture/PCIFAP_FINAL.pdf.

CBB Seeks Input On Checkoff

How can the Beef Checkoff Program be improved? That is the question the CBB will be asking more than 100 national industry organizations, state beef councils, certified nominating organizations and national breed associations over the coming months.

CBB Chairman Dave Bateman, an Illinois cattleman, said the CBB “is authorized by USDA to provide information to the (Agriculture) Secretary that could be used to improve the program after 20 years of operation.” Although the information gathering process is a substantial undertaking, Bateman said, “many players have a stake in the beef industry and we want to hear from them.”

Input received during the process will be considered by CBB officers and the CBB Administrative Subcommittee before recommendations are made to the Executive Committee, which will report to the Ag Secretary. The effort is expected to wrap up by Nov. 30.

Whether to increase the Checkoff from the current rate of a \$1 per head is one of the issues to be considered.

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A Container Shortage Is Hurting Export sales of U.S. meat and other products, industry officials tell *Meatingplace.com*. Referring to the recent U.S./South Korea beef trade agreement, Agricultural Transportation Coalition Executive Director Peter Friedmann said, “It doesn’t do a lot of good to open a market if we can’t get the product there.” USMEF says increased exports to Korea could require up to 1,000 more refrigerated containers per month. One factor in the shortage is the weak U.S. dollar, which is boosting exports of U.S. products, while reducing U.S. imports. Essentially, more containers are leaving the U.S. to carry goods overseas, but fewer containers are coming back because imports aren’t selling as well here. Industry groups want government agencies to investigate the problem, and Friedmann says congressional hearings are being contemplated.

May Is National Beef Month, that special time for recognizing the more than 800,000 dedicated men and women who produce the high quality, wholesome, nutritious beef known world-wide.

This is also **National Hamburger Month**, and the Beef Checkoff Program reminds us there is lot to celebrate about this beloved food product. Two years ago, a Checkoff-funded effort kicked off to communicate positive messages about ground beef and add value through processing improvements and product innovation. And response has been strong to one particular initiative: testing consumer appeal of an extra lean burger patty. Consumers bought an additional 85 million lbs. of 78% lean (or better) ground beef at grocery stores in 2007 when compared to 2004. The fastest growing subcategory was the 85-89% lean beef. A 95% extra lean patty is now available to school food service and general consumers. Hamburgers remain the most popular beef item for Americans, who enjoyed approximately 11.9 billion burgers last year. The Checkoff reports that 41% of Americans eat burgers at least once a week and 85% eat burgers once a month.