



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

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McDonald's Seeks Industry Help in Defining Sustainability

"If we don't invest in sustainability, we're not going to have all the customers we want in the future," said Bob Langert, corporate vice president and head of corporate social responsibility & sustainability for McDonald's Corporation. Speaking during the Cattlemen's College at this week's Cattle Industry Convention in Nashville, Langert said, "At McDonald's, we know what we're good at, and we know what we're not good at. What we're good at is running restaurants, but we need to rely upon beef ranchers, processors, the industry to figure out what sustainability means. We're just one part of the spoke. Let's come up with a definition of beef sustainability for all of us that's based on science and going to help drive our businesses forward."

Producer Support of the Beef Checkoff Highest in 21 Years

Support for the beef checkoff, at 78 percent, is the highest recorded in the past 21 years, according to a recent survey of 1,225 beef and dairy producers nationwide. The random survey, conducted in late December 2013 and early January 2014 by the independent firm of Aspen Media & Market Research, found an overwhelming majority of beef and dairy producers that continue to say their beef checkoff has value for them in many ways:

- Eight out of 10 producers say the beef checkoff has contributed to a positive trend in beef demand.
- 71 percent of producers say the beef checkoff contributes to the profitability of their operations.
- 77 percent say the checkoff is there for them in a crisis.
- 79 percent say the checkoff represents their interests.
- Two in three beef producers believe the checkoff is well managed.

A copy of the research report is available at <http://tinyurl.com/res-rpt>.

OIG Follow-Up Reaffirms Solid Checkoff Management

The Office of Inspector General (OIG) reposted revised results of its financial review of the Beef Board management of checkoff dollars recently, reaffirming that checkoff dollars were reimbursed in accordance with the Beef Act. While the revised report is reworded, in general, and provides more detailed information about complaints against the checkoff, it still showed that no mismanagement was found.

"The Cattlemen's Beef Board (CBB) is delighted that this review has been completed and published and that it confirmed the original report's results. Once again, the OIG did not find any cause to question the relationship between CBB and its contractors, nor did OIG find inappropriate reimbursement of contractor expenses," said CBB Chairman Weldon Wynn. "The bottom line is that producers and importers can be assured by the OIG report, the peer review of that report and CBB's mission of continual improvement that their checkoff dollars are being invested appropriately and effectively."

Access the full OIG report at <http://tinyurl.com/oig-co-mgt>.

CattleFax Projections Include Improved Weather Conditions and Record Prices

As precipitation returns back to more normal levels for the 2014 growing season, farmers in the U.S. should grow an adequate corn crop to build the carry-over supply. The improved corn supplies should assure lower corn/input costs over the next 12-24 months, according to CattleFax Grain Market Analyst Mike Murphy, speaking this week in Nashville during the Cattle Industry Convention.

"The lower input cost will have a direct correlation to improved feeder cattle and calf values in 2014, and with continued help from Mother Nature, we will be in better shape with regard to hay supply and prices moving forward," Murphy said.

CattleFax Senior Analyst Kevin Good indicated the combination of improved moisture conditions resulting in lower input costs and record high calf values should lead to beef cow herd expansion beginning in 2014.

Fed cattle prices are expected to average \$135 compared to \$126 during 2013, an increase of 7 percent. Yearling prices are expected to average \$168, an increase of 13 percent from the 2013 average of \$146.

According to Good, calf prices will average \$193, up 13 percent from last year's average of \$168. "After years of tightening supplies, the cow-calf sector will again remain in the driver's seat during 2014," Good said.

Structural Changes Needed to Keep U.S. Beef Industry Competitive

Rabobank has published a new report on the U.S. cattle industry, calling for changes in the way beef is produced in order for the industry to remain competitive. In the new report, "Ground Beef Nation," Rabobank says that changing consumer preferences and a production model tailored to production of top-shelf steaks has put the U.S. cattle industry in a position of losing market share to competitive proteins.

"Under the existing business model, the U.S. cattle industry manages all fed beef as if it were destined for the center of the plate at a white table cloth restaurant," notes Rabobank cattle economist Don Close. "The industry is, essentially, producing an extraordinarily high-grade product for consumers who desire to purchase a commodity. More than 60 percent of U.S. beef consumption is ground product. If the U.S. cattle industry continues to produce ground beef in a structure better suited to high-end cuts, the result will be continued erosion of market share," Close says.

"The industry must change to a production model that determines the best end-use of an animal as early as possible, in order to compete in a 'ground beef nation'," notes Close. "A new system for end-use categorization that influences calf selection, cattle management, production costs and feeding regimen throughout the life of the animal is vital to keeping beef competitive with other choices at the meat counter."

Farm Bill Signed Into Law

President Obama travelled to Michigan today for a Farm Bill signing ceremony at Michigan State University, the alma mater of Agriculture Committee Chairwoman Debbie Stabenow (D-Mich.). Following House passage last week, the Senate on Tuesday approved the Farm Bill conference report on a 68-32 vote. Chairwoman Stabenow was the only principal of the conference committee to attend the signing ceremony.

As previously reported, TCFA and NCBA opposed final passage of the Farm Bill, because it leaves unchanged the mandatory COOL and GIPSA anti-competition provisions from the previous Farm Bill.

Authenticity is the Key to Consumers' Minds and Hearts

Relating to customers in a marketplace of ideas that is often filled with incorrect claims about your product is the situation facing the beef industry on a daily basis. It's a situation that Dr. Molly McAdams, former vice president of store brands at HEB and the wife of cattle rancher and past NCBA president Jim McAdams, has confronted for a long time. She was one of the speakers at this year's Cattlemen's College in Nashville, Tenn.

According to McAdams, the internet has forever changed the consumer space and the way that any company interacts with consumers. "It has created what I would call a third space. So, instead of just your traditional consumer and their environment, you have a company and their environment, and at some point those two overlap. Now there is a very clearly defined third space that happens to be virtual. And consumers are interacting with products in this third space all the time. We're not going back. We've got to figure out how to do a much better job of being transparent, giving consumers the information they want and, frankly, instead of trying to avoid eye contact with the average consumer because they frighten us, it's a matter of giving ourselves permission to embrace them and all of their idiosyncrasies that seem fickle to us because we are experts in our area." Find more information at <http://tinyurl.com/authenticity-key-consumers>.

Companies Partner With States to Conserve Lesser Prairie-Chicken Habitat

Five oil and gas companies are voluntarily enrolling nearly 1.5 million acres of land under an innovative plan to conserve the lesser prairie-chicken. This represents the first enrollment in the Lesser Prairie-Chicken Range-wide Conservation Plan, developed by the Western Association of Fish and Wildlife Agencies (WAFWA) and state wildlife agencies in Colorado, Kansas, New Mexico, Oklahoma and Texas.

Continental Resources, Devon Energy, Apache Corp., Occidental Oil and Gas Corporation, and Samson Resources have committed to develop enrolled land in ways that minimize impacts on lesser prairie-chicken habitat. They will also mitigate development impacts that cannot be avoided by providing funding for conservation on private land throughout the region. Other companies in various industries, including oil and gas, pipeline, electric transmission and distribution, and wind energy, are considering enrollment in the plan.

In Texas, 73 landowners across the Texas Panhandle and Rolling Plains have enrolled 594,253 acres in their CCAA. Texas CCAA acres have grown more than five-fold since September 2010. Oklahoma has submitted 200,000 acres of ranch land for approval in their CCAA and has requested USFWS to allow enrollment of an additional 200,000 acres.

Besides industry enrollment, landowners are also able to voluntarily enroll in the plan to help conserve and restore habitat for the bird on private land in Texas and other states. In exchange for management practices, such as prescribed grazing, burning and brush management, landowners are assured they can continue to operate under provisions of a management plan if the bird is listed.

The Range-wide Conservation Plan for the Lesser Prairie Chicken can be viewed at www.wafwa.org. Find a recorded online seminar explaining the industry mitigation system at <http://tinyurl.com/mit-system>.

Industry representatives or landowners in New Mexico with questions or comments about the plan may contact Grant Beauprez, the lesser prairie-chicken biologist for the New Mexico Department of Game and Fish, at grant.beauprez@state.nm.us. Industry representatives or landowners in Texas with questions or comments about the plan may contact Sean Kyle, TPWD biologist in Lubbock, at sean.kyle@tpwd.state.tx.us. Information for Oklahoma landowners is available at <http://tinyurl.com/ok-info-lpc>.

A Mother's Organic Dilemma

Sometimes reality is the best teacher, and when reality yanks someone away from the herd mentality of the anti-modern agriculture movement, we like to give them kudos, says *Beef Today's Grazing the Net*. Such is the case with Melinda Wenner Moyer, a science writer based in Cold Spring, N.Y., who writes a parenting advice column for *Slate.com*.

Like a lot of moms, Moyer vowed to feed her newborn son only organic products, despite the increased cost. Now, a couple of years later, she's asking herself, "I can't help but wonder whether giving my son organic food really makes a difference to his health, considering that he's been known to lick the bottom of his shoes."

To find the answer, Moyer talked to toxicologists, horticulturists, risk experts and nutritionists. "What I've discovered has totally surprised me – let's just say I'm going to be a little more relaxed about what I serve kid No. 2." Her research dispels much of what she assumed about organic farming and the expensive food she bought for her son. Read about her transformation to common sense at <http://tinyurl.com/org-vs-conv>.

TAHC Adopts Cattle Rules for Animal Disease Traceability, Trichomoniasis and Fever Ticks

The Texas Animal Health Commission (TAHC) recently adopted several rules of interest to cattlemen:

- Chapter 50, Animal Disease Traceability, Cattle Identification: This amendment establishes identification requirements for adult cattle being sold within the state of Texas, and it states that all adult breeding cattle, except cattle going directly to slaughter, shall be permanently identified within seven days of change of ownership. Untagged adult cattle have seven days after purchase to be delivered to a slaughter facility, resold through a livestock market or have acceptable permanent official identification applied. Slaughter type cattle that will be put on feed prior to slaughter shall also be permanently identified within seven days of purchase.
- Chapter 38, Trichomoniasis, Test Exceptions: This rule allows untested adult bulls to be purchased without a current Trich test, if moved under TAHC permit with official permanent identification. TAHC inspectors will permit untested bulls from a market to either a feeding facility, another sale barn (if the intent is to resell it), or to another physical location given by the buyer. The permit will expire seven days from the date of issuance. The bull cannot be commingled with female cattle during the seven days. At the end of the seven days, the buyer must agree to have the bull tested, resold through a livestock market, or deliver it to a slaughter facility.
- Chapter 41, Fever Ticks, New Authorized Treatments: These amendments add new treatment options for the cattle fever tick and expand TAHC's authority to inspect and treat deer on premises adjacent to infected pastures.

View details of all the rules that were adopted at www.tahc.state.tx.us/regs/code.html.

PETA's "Animal House of Horror"

The Center for Consumer Freedom has released its yearly review of People for the Ethical Treatment of Animals' (PETA) appalling record of killing pets at its Norfolk, Va. animal shelter. In 2013 alone, PETA killed 1,792 cats and dogs, an average of five per day, a figure that represents 82 percent of all animals PETA took into its shelter throughout the year.

The numbers come from the Virginia Department of Agriculture and Consumer Services (VDACS), which requires such annual disclosures to be made. Since 1998, 31,190 animals have died at the hands of PETA. In 2005, PETA employees were arrested in North Carolina after killing adoptable pets and tossing the bodies into a supermarket trash dumpster. Trial evidence showed they killed animals they described as "perfect" and "adorable." Even more alarming is how quickly PETA chooses the death needle versus care and nourishment

once an animal is left in its care. A 2010 inspection of animal custody records discovered 84 percent of the animals PETA took in were killed within 24 hours. Read more at www.PETAkillsAnimals.com.

Texas Ranch Earns Environmental Stewardship Award

Frank and Sims Price Ranch of Sterling City was named the national winner of the National Cattlemen's Foundation Environmental Stewardship Award Program. The award, presented during the 2014 Cattle Industry Convention and National Cattlemen's Beef Association Trade Show this week in Nashville, recognizes this father-son partnership who respectively represent the fourth and fifth generations of the Price family to operate the ranch. The ranch, which is located in West Texas, has operated for the past two years under exceptional drought conditions. However, because of the family's flexibility and carefully managed livestock grazing plan, the ranch remains a shining example of excellent stewardship.

View the regional winners of the Environmental Stewardship Award at <http://tinyurl.com/esa-winners>.

Is a Cow Eating My Lunch?

Consumers have increasing questions about animal agriculture and whether or not it's good or bad. Many are concerned that animal agriculture takes away human food supplies and wastes resources.

To answer those questions, the Council for Agricultural Science and Technology (CAST) has released a new video based on its Issue Paper, "Animal Feed vs. Human Food: Challenges and Opportunities in Sustaining Animal Agriculture Toward 2050." The video provides science-based information about the "feed versus food" issue, including the following:

- Global animal agriculture provides safe, affordable, nutrient-dense foodstuffs that support human health and well-being as part of a balanced diet as well as many by-products that benefit humans.
- The global livestock industry faces considerable challenges as the population grows, and demands for more food must be aligned with concerns about the environment, economy and sustainability. Many may not realize the productivity gains made by modern practices, by-product feeds and technology.
- Livestock production is important in the economic and social sustainability of developed and developing countries alike.

The video and its companion, Ag quickCAST, are available at www.cast-science.org.

New Beef Research Publications Available

Three new checkoff-funded research publications are now available:

- **Sustainability Executive Summary.** A summary of Phase 1 of the industry's sustainability research. This important work positions the beef industry to lead the conversations about industry sustainability. Read the report at <http://tinyurl.com/sus-exec-sum>.
- **Lean Matters Booklet.** This booklet documents the checkoff's effort to produce leaner beef and to work with USDA to make the data reflecting the leaner option in the meat case available on the Nutrient Data Base. Information is available at <http://tinyurl.com/lean-matters>.
- **Updated version of the Beef Cuts Guide.** Beef checkoff research provides technology and knowledge to all sectors of the beef supply chain to increase understanding of beef products offered to today's consumer. In the end, all development, education and communications programs are founded on research. Marketing and communication programs must have a story worth telling. In today's social climate, to answer challenges from the health community and the consumer's need for convenience, marketing and communications messages must be data-driven, based on irrefutable research. For more, go to <http://tinyurl.com/beef-cuts-guide>.

Cargill's New Labels Aim for Greater Transparency

Just a few months after announcing it would label finely textured beef products, Cargill recently unveiled a variety of initiatives to help consumers understand what they are eating. According to the company, consumer research conducted over the past year sparked the changes, which include more fact-based material online and a pre-printed QR code on packaging in addition to labeling efforts.

"Based on dialogue we had with consumers and retailers, Cargill designed these ground beef communications initiatives to provide information that enhances consumer awareness about ground beef products regarding how they are made and used," says John Keating, president of Cargill's Wichita-based beef business. For more information, go to <http://tinyurl.com/cargill-labels>.

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National Beef to Close Brawley Facility

National Beef Packing Company recently announced plans to close its beef processing facility located in Brawley, Calif. The last day of production is expected to be April 4, 2014. Approximately 1,300 employees working at the facility will be impacted by this closure and will be offered support, including assistance finding employment at other National Beef facilities.

A declining supply of fed cattle available for the Brawley facility was a key driver of the decision to close the plant, said Tim Klein, chief executive officer, National Beef. "This was a very difficult decision for us to make because of the impact on our employees and suppliers. We are optimistic about the long-term prospects for U.S. beef demand, and we will continue to focus on expanding our position as the industry leader in value-added beef products," he said.

National Beef has not determined the future status of the facility. National Beef acquired the Brawley facility in 2006. For more, go to <http://tinyurl.com/nat-beef-brawley>.

Dollars and Sense of Water Conservation Symposium

The 2nd Biennial Texas Panhandle-High Plains Water Conservation Symposium will be held Feb. 12 from 8:30 a.m. to 4:30 p.m. at the Amarillo Civic Center. Register online at <http://tinyurl.com/reg-water-symp>, and find the program invitation at <http://tinyurl.com/water-symp-invite>. TCFA is a sponsor of the symposium.

Deadline Extended – Advertise in the *Cattle Feeders Resource Guide*

The deadline to advertise in the *Cattle Feeders Resource Guide*, formerly known as the *Cattle Feeders Annual*, has been extended to Friday, Feb. 28. Updated contact information for the Industry Associate and Feedyard listings for the *Resource Guide* is also due Friday, Feb. 28.

The publication will be distributed to approximately 10,000 professional cattlemen throughout Texas, Oklahoma and New Mexico, as well as nationwide. Every TCFA member, including feedyard owners, managers, general managers and feedyard customers, will receive a *Resource Guide*.

Find the rate card at <http://tinyurl.com/2014-tcfa-rate-card> and the advertising contract at <http://tinyurl.com/2014-contract>. You may also contact Scena Snider at (806) 358-3681 or scena@tcfa.org.

TCFA Health Insurance Program Continues

TCFA continues to provide health insurance to members in Texas. For individual coverage options, go to <http://tinyurl.com/bluec-blues>. For details about small employer coverage or for more information, contact Kristi Gillispie at kristi@tcfa.org or (806) 358-3681.