



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

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CME Offers Amendments to Heifer Delivery

The CME Group released a notice of amendments to delivery specifications for the Live Cattle futures contract. Changes will be effective with the launch of the August 2015 Live Cattle contract, and the listing of the contract will be pending approval by the Commodity Futures Trading Commission (CFTC).

The most notable changes within the proposed contract are that heifers will be deliverable given that:

- They meet the same yield, quality and age specifications as steers.
- Delivery loads must be all-steers or all-heifers and noted as such on the delivery tender.
- No individual heifer may weigh less than 1,050 lbs. or more than 1,350 lbs.
- Discounts for hardbone and dark cutter carcasses are based on USDA Premiums and Discounts report.
- Heiferettes, cows and bred heifers are not deliverable for live deliveries. A penalty of \$2.50/cwt. will be applied to a load of live heifers that is declared undeliverable.
- Parties tendering an all-heifer load will be required to sign two affidavits: the Progestin Supplement Affidavit and the Open Heifer Protocol Affidavit.

TCFA, NCBA and producers have been working diligently on the inclusion of fed heifers to the deliverable supply for nearly two years. Information submitted to the CFTC shows that the inclusion of fed heifers would have increased the deliverable supply by 62 percent in 2013.

The industry continues to work on an Open Heifer Protocol that will represent industry standards that are already in daily use. View CME's notice at <http://tinyurl.com/cme-notice>.

WTO Panel Seen Ruling on Canada-U.S. Meat Label Dispute in June

Canada should find out in June if it's been successful in a long-running dispute over a contentious U.S. meat-labeling rule. A World Trade Organization (WTO) panel is expected to issue a confidential interim report to the governments on June 20 with a final report expected on July 22, reports *The Wall Street Journal*.

A win for Canada – which is joined by Mexico in the fight – would push the three NAFTA countries closer to a trade war. Ottawa has threatened retaliation by imposing punitive tariffs of over \$1 billion on a range of imports from the U.S., including chocolate, corn flakes, fruit and potatoes.

The spending bill passed by the U.S. Congress last month included a section in which lawmakers warned that the American economy could suffer a \$2 billion hit if Canada and Mexico make good on their threats.

Canadian Agriculture Minister Gerry Ritz said he is confident the WTO panel will rule in Canada's favor, but he expressed frustration when asked if Ottawa was getting anywhere with the U.S.

"If you're talking about the Administration, absolutely not. They're intransigent," Mr. Ritz said in an interview with *The Wall Street Journal*. But he said there are a growing number of U.S. lawmakers who "are coming to grips with the fact that this is unnecessary; it's not warranted." Read more at <http://tinyurl.com/wsj-wto>.

Legislation Introduced to Prevent EPA from Releasing Producer Information

United States Reps. Rick Crawford (R-Ark.), Lee Terry (R-Neb.), Mike McIntyre (D-N.C.) and Jim Costa (D-Calif.) this week introduced legislation to prohibit the Environmental Protection Agency (EPA) from disclosing the private and confidential information of livestock and poultry producers to the public.

The Farmer Identity Protection Act (H.R. 4157) is in response to the EPA's release of livestock and poultry producers' names and other personal information to three radical environmental groups through a Freedom of Information Act request in February and again in April 2013. The release divulged names, addresses, geographic coordinates, telephone numbers and email addresses of more than 80,000 producers in 29 states. EPA plans to release information on thousands more farmers and ranchers in the future.

"There is no justification for the blatant disregard of our privacy," said NCBA President Bob McCan. "To turn this type of information over to anyone who has a computer is not just reckless, but it poses serious agro-terrorism threats."

EPA claims it lacks statutory authority to protect livestock producers' personal information. The Farmer Identity Protection Act would unequivocally provide the agency with the ability to prevent such farm-specific releases from happening in the future, allowing the agency to provide information to outside parties only in aggregate without individual identifying information, or with the producer's consent.

"Once this information is released, you cannot take it back," said McCan. "With EPA planning to release more information as soon as it is able, Congress must step in and provide relief to livestock producers. We applaud the representatives that have introduced this bill to help protect the health and safety of cattle producers and their families."

H.R. 4157 is the companion bill to S. 1343, introduced in the Senate by Sens. Chuck Grassley (R-Iowa) and Joe Donnelly (D-Ind.) in July 2013.

MBA Growing in Numbers and Influence

As the beef checkoff Masters of Beef Advocacy (MBA) program approaches its 5th anniversary, it is also nearing 5,000 graduates nationwide in 48 states and around the globe in countries including Australia, Canada and Mexico. Averaging 1,000 graduates per year is a pace the checkoff never imagined when the MBA program launched in 2009.

In the past five years, MBA grads have engaged in countless conversations with consumers about how beef is raised, the care we provide for animals and the environment, as well as improvements in beef safety and the health and nutrition benefits of beef. MBA grads continue to commit personal time to complete the program and engage consumers. For more information, go to www.beef.org/mba.

Individuals and Small Businesses May be Able to Keep Health Insurance Plans for Two More Years

The Obama Administration recently announced a two-year extension of its "transitional policy" – an extension of guidance from November 2013 that would permit non-grandfathered individual and small group plans to renew, at the option of the state and the insurer. Open enrollment for 2015 on the Health Insurance Marketplace will be from Nov. 15, 2014 through Feb. 15, 2015. This does not change the schedule for the open enrollment period currently underway.

EPA Lists Cattle as Primary Methane Source

A new draft report on greenhouse gas (GHG) emissions lists "enteric fermentation," primarily in cattle, as the leading cause of methane emissions. The report also, however, shows agriculture overall produces a small percentage of total GHG emissions and provides significant sequestration of carbon.

Agriculture overall is responsible for 8.1 percent of total U.S. GHG emissions, according to the report. Soil management is the largest source of emissions in the agricultural sector, in terms of carbon dioxide equivalents, as nitrous oxide (N₂O) emissions from fertilizing activities are considered approximately 300 times more powerful than CO₂ at trapping heat in the atmosphere. The report lists enteric fermentation as the second-largest agricultural source of GHG emissions, followed by manure management.

"The macro-level comparison of total U.S. GHG emissions from agriculture to the total U.S. GHG emissions doesn't paint the whole picture, when it comes to actual GHG emissions from U.S. beef cattle," said Ben Weinheimer, TCFA Vice President. "As you look closer at the numbers for beef cattle, GHG emissions have seen a net increase of only 0.6 percent from 1990 to 2012, but you won't find EPA touting that fact until you get to page 305 of the 531-page draft report."

In chapter 6, EPA specifically recognizes the gains in efficiency that the U.S. beef production system has experienced over the past 22 years, when it comes to enteric methane emissions:

"For example, beef cattle emissions increased 0.6 percent from 1990 to 2012, while beef cattle populations actually declined by 5 percent and beef production increased 14 percent (USDA 2013)... This indicates that while emission factors per head are increasing, emission factors per unit of product are going down. Generally, from 1990 to 1995 emissions increased and then decreased from 1996 to 2004. These trends were mainly due to fluctuations in beef cattle populations and increased digestibility of feed for feedlot cattle. Emissions generally increased from 2005 to 2007, as both dairy and beef populations underwent increases... Emissions decreased again from 2008 to 2012 as beef cattle populations again decreased."

"Similar conclusions can be drawn for methane and nitrous oxide emissions from beef cattle manure management systems," stated Weinheimer. "Methane emissions from beef cattle manure management saw no change from 1990 to 2012 and nitrous oxide emissions only experienced a slight increase during that timeframe." Read more at <http://tinyurl.com/epa-ghg-rpt> and <http://tinyurl.com/epa-cattle-methane-source>.

APHIS Moving Toward Next Steps in Traceability

With a letter to stakeholders this week, Kevin Shea, administrator of the USDA's Animal and Plant Health Inspection Service (APHIS) announced new steps toward full implementation of the federal Animal Disease Traceability (ADT) system.

Those steps include exercising and testing the system, further educating producers and others about ADT requirements and initiating enforcement actions for non-compliance, reports *Drovers-Cattle Network*.

In his letter, Shea stresses that APHIS does not intend to immediately begin enforcing ADT rules. During March, APHIS plans to evaluate identification of livestock moved interstate and begin identifying individuals who are not meeting program requirements. "When we do so," Shea says, "our local Veterinary Services Area District Director will contact them in writing to help guide them through the process for meeting the program requirements, including providing them with details on how to obtain the necessary official identification devices or movement documentation."

APHIS also plans to provide contact information and make personnel available to answer questions about the program from producers, veterinarians or others involved in the livestock-marketing chain.

Read the full stakeholder letter from APHIS administrator Kevin Shea at <http://tinyurl.com/adt-next-phase>, and read more about the ADT rule from USDA/APHIS at <http://tinyurl.com/aphis-adt-rule>.

USDA Estimates 16 Percent More Beef Cows in 10 Years

"The livestock sector is slowly recovering from high feed prices and drought in the Southern Plains of the U.S. over the last few years. Improving returns have provided incentives for increased production in the livestock sector," say analysts with USDA's Economic Research Service (ERS) in the USDA Agricultural Projections to 2023 released recently. "As a result, total U.S. red meat and poultry production is projected to rise over the projection period, as is per-capita consumption of red meat and poultry."

In fact, the latest report projects the nation's beef cowherd to grow by 4.7 million head in the next decade – from 29.0 million head Jan. 1 this year to 33.7 million head.

"Although many would welcome such a bolstering to the industry's infrastructure, that kind of growth seems overly optimistic," said Wes Ishmael, markets columnist for *BEEF*. "Though feed prices are lower, replacement cattle prices are historically high, making it difficult to carve out more margin, especially with increased equity risk and price volatility. That said, along the way to a larger herd, ERS analysts explain, '...Lower beef cow inventories and expected heifer retention are expected to lead to declines in beef production through 2016. Production then rises in the remainder of the projection period as returns support continued herd expansion.'"

For more, go to <http://tinyurl.com/more-beef-cows-10-years>.

Pork, Poultry Production Slows

"Projections for both pork and poultry production during the first quarter of 2014 are generally well below those made a few months ago," say analysts with the Livestock Marketing Information Center (LMIC). "Pork production is below expectations because disease, specifically Porcine Epidemic Diarrhea virus (PEDv), has trimmed market hog numbers. Chicken producers are expanding, but are faced with some economic headwinds: 1) higher than anticipated soybean meal costs; and 2) softer than anticipated demand for products sold in overseas markets and domestically."

Both realities, especially anticipated reductions in pork production, are helping underpin spring and early summer Live Cattle futures, reports *Cattle Current*. Based on USDA-NASS data for January, LMIC analysts explain, "U.S. pork production was up a very modest 1 percent compared to a year earlier. The year-on-year gain in pork output was caused by heavier slaughter hog weights, as head harvested declined by 2 percent.

"Chicken production declined by 3 percent, and head slaughtered dropped by 4 percent...For the first quarter of 2014, U.S. hog slaughter is projected to be below 2012's (down less than 1 percent), but heavier dressed weights should make production up about 2 percent. A ramp-up in chicken slaughter is projected for balance of the quarter, resulting in slightly more tonnage than last year."

New Project Exposes "Big Green Radical" Environmental Activists

The Environmental Policy Alliance this week announced the launch of a new project with a full-page ad in *The Wall Street Journal* and a 90-second commercial online. The project, "Big Green Radicals," focuses on three environmental activist groups that wield enormous political influence, but whose true motives and intentions are concealed: the Natural Resources Defense Council (NRDC), Sierra Club and Food & Water Watch.

"For too long, these 'big green radicals' have gone unchecked in using their deep pockets to advocate for radical environmental regulations that impose enormous costs on all Americans," said Anastasia Swearingen,

senior research analyst for the Environmental Policy Alliance. “By pushing to eliminate our use of coal, natural gas, oil, nuclear energy and even hydropower – collectively 95 percent of America’s energy sources – these activists are threatening the U.S. economy and millions of jobs.

“The only ‘green’ these groups seem to care about is the green in their own pockets, rather than the economic hardships their policies impose upon the rest of us,” Swearingen concluded.

View the ad at <http://tinyurl.com/wsi-ad> and the commercial at <http://tinyurl.com/vid-big-green-rad>.

OIG Finds USDA Commodities Data Vulnerable

A new report from USDA’s Office of the Inspector General (OIG) found that the department’s National Agricultural Statistics Service (NASS) isn’t doing an adequate job of securing its data, which could lead to high volatility in the agricultural commodity markets, according to the Southwest Meat Association.

OIG auditors found NASS did not adequately enforce critical procedures and physical security measures meant to protect the security of NASS information. Data collected in the field are sent in encrypted form to NASS, where it is decrypted in “lockup,” and analysts prepare reports for eventual release to the public. Specifically, security of the “lockup” procedures, during which reporters are allowed to view monthly or annual market data prior to its release in order to write their own reports, are lacking. OIG found three instances in which press articles were accidentally released before NASS’ own data.

OIG investigators were also able to bring a cell phone into a lockup and observed a reporter using a wireless tablet, in clear violation of USDA policies. In those circumstances, market traders watching for the release of data on NASS’ website, rather than news reports, had delayed access to the numbers. “The reports that NASS produces are extremely market sensitive and contain major principal economic indicators of the United States economy,” OIG wrote.

Beef Market Winter Challenges Continue

Winter weather is contributing to reduced beef production in 2014, according to Derrell Peel, Oklahoma State University Extension livestock marketing specialist. Beef production for the year to date is down 6.9 percent compared to last year, with total cattle slaughter down 7.5 percent year over year, he says.

“Reported average cattle carcass weights have averaged about 4 pounds heavier so far this year but this masks some underlying cattle production issues,” he says. “Overall cattle carcass weights are a function of the carcass weights of individual classes of slaughter cattle as well as the composition of cattle slaughter by class. Average steer carcass weights are about a pound lighter so far this year, while heifer and cow carcass weights are slightly heavier.”

However, steer slaughter is the largest slaughter component and is a larger percentage of total slaughter this year contributing to a higher cattle carcass weight average even with lighter steer carcasses. “For the year to date, steer slaughter is down 6.5 percent; heifer slaughter is down 10.7 percent; and cow slaughter is down 11 percent, all compared to the same period last year.”

School’s Out at Humane Society University

HumaneWatch.org recently tweeted: “Several years ago, the Humane Society of the United States (HSUS) launched “Humane Society University” – but don’t let the name fool you, it wasn’t a legitimate institute of higher education. HSU was not accredited as a degree-granting institution. And it now seems to be a nearly non-existent entity.”

According to HumaneWatch.org, HSU’s website says classes are suspended indefinitely. HSU “is currently not accepting applications for enrollment into the College of Arts and Sciences. Online professional development programs are under review, and no courses are being offered for the Winter term.”

HSU president Michael Blackwell has abruptly become a senior director at HSUS, and the website is lacking much of the content it had before. Translation: School’s out, perhaps for good.

USDA Report Shows Nearly 1/3 of Food Wasted

The U.S. wasted about 31 percent (133 billion pounds) of its food supply in 2010, a value of about \$161.1 billion, according to a report released by USDA’s Economic Research Service. Retail-level food losses represented 10 percent, or 43 billion pounds, and consumer-level losses represented 21 percent, or 90 billion pounds, of the available food supply of 430 billion pounds of food in 2010, the study said.

The total amount of food loss represented 387 billion calories, according to *Agri-Pulse*.

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Meat Products Important, AMI Says

Meat products are an important and rich source of highly bioavailable micronutrients and inclusion of meat products in the diet can prevent well-documented vitamin deficiencies, according to comments submitted to the 2015 U.S. Dietary Guidelines Committee by the American Meat Institute (AMI). The committee requested comments on sodium reduction and food safety as well as sustainability, an issue that AMI said is clearly outside the committee's charge and beyond its expertise.

AMI detailed the extensive contributions that meat and poultry make to the nation's nutrition status. "In addition to high quality protein, meat and poultry also are important and rich sources of micronutrients such as iron, zinc, selenium, and Vitamins B12, B6, thiamin, riboflavin, niacin, and potassium. Up to 16 percent of U.S. adults and more than 20 percent over 60 years old are marginally depleted in vitamin B12," AMI wrote.

In addition, AMI told the committee that sustainability is outside the scope of the committee's charge and that there is insufficient expertise on the committee and insufficient data in the published literature to make science-based decisions in this area. Read more at <http://tinyurl.com/ami-meat-prod-important>. Find AMI's comments at <http://tinyurl.com/ami-comments>.

Lesser Prairie-Chicken Range-Wide Plan Reaches 2.5 Million Acres

Private companies in five states have now enrolled more than 2.5 million acres in the Lesser Prairie-Chicken Range-Wide Conservation Plan, representing oil and gas, pipelines, electric transmission and wind energy, resulting in nearly \$15 million for habitat conservation over the next three years. Added to more than 1.3 million acres of oil and gas leases under conservation agreements in New Mexico, the total industry commitment is close to 4 million acres, according to the Western Association of Fish and Wildlife Agencies (WAFWA).

The U.S. Fish and Wildlife Service has proposed listing the bird as threatened under the federal Endangered Species Act, with a final determination expected by March 31.

"Under the range-wide plan, a broad coalition of government, industry, agriculture and conservation interests is demonstrating unprecedented collaboration, showing we can take care of this bird and its prairie habitat without needing to list it," said Bill Van Pelt, WAFWA grassland coordinator.

"When you consider all acreage enrolled in the range-wide plan, plus various CCAAs (Candidate Conservation Agreements with Assurances), Farm Bill programs, and other conservation programs across the lesser prairie-chicken's range, the total area is about the size of the states of Vermont and New Hampshire combined. This is also approximately half the size of the species' current range. We believe this sets a record for conservation delivery on predominantly private land for a species under listing consideration."

2014 TCFA Fed Beef Challenge Adds Holstein Division

The 2014 Fed Beef Challenge, which will be held Wednesday, April 16, at the Amarillo Livestock Auction, will be expanded to include a new division for Holstein steers. Pens entered in the new division will only compete against other Holsteins, using the same TCFA index as traditional steer and heifer divisions. Prizes for the three individual divisions will be \$1,000 for first place, \$750 for second and \$500 for third.

Grand Champion Carcass of the Fed Beef Challenge will receive a \$1,500 prize, in addition to an embroidered jacket. First place winners of each division will also receive embroidered jackets.

There will be live evaluation contests open to the public, college students and feedyard employees. College students will compete for scholarships, and feedyard employees will compete for a custom saddle. The feedyard manager who wins the "Judge Your Own" contest will receive a Kenneth Wyatt print.

You can also look forward to a steak dinner and a calcutta to benefit the TCFA Education Foundation. We look forward to your participation. Find more information at www.tcfa.org, or contact Jason Slane at (806) 358-3681 or jason@tcfa.org with any questions.

Upcoming Events

TCFA Fed Beef Challenge – April 16, 2014 – Amarillo Livestock Auction

TCFA Feedyard Camp – June 23-25 – West Texas A&M University

TCFA Jr. Fed Beef Challenge – July 26, 2014 – West Texas A&M University

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