



# TEXAS CATTLE FEEDERS ASSOCIATION

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# NEWSLETTER

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## **A “Uniquely Texas” State Beef Checkoff Program**

Texas cattle producers will have the opportunity to approve a “uniquely Texas” state beef checkoff program, controlled by Texans, that could generate an additional \$8 million to promote beef in Texas, the U.S. and international markets. The program will complement and extend current research, promotion and education programs of the Texas Beef Council while strengthening beef demand in the marketplace.

If approved, the dollar-per-head that producers would pay into a state checkoff program would supplement the national checkoff program, which producers approved in 1988. According to the Cattlemen’s Beef Board, the value of one dollar today, compared to 1985, is 44 cents. To have the same purchasing power today, it would have to be \$2.26.

“Our industry is up against tremendous adversity,” said Tom McDonald, TCFA chairman elect. “The federal checkoff has been successful in combatting those challenges, but more resources are needed to more aggressively confront beef industry issues that are critical to our way of life.”

Texas producers can vote for a state beef checkoff program beginning June 2 through June 6. If approved, the assessment will be collected at each point of ownership in Texas. Eligible producers are strongly encouraged to vote in person at any Texas A&M AgriLife Extension Service county office during each office’s regular business hours. If an eligible producer is unable to access an Extension Service office, a mail-in ballot may be requested from the Texas Department of Agriculture between May 19 and June 2, 2014, and postmarked no later than close of business Friday, June 6, 2014.

The program would be managed by Texas cattlemen and women serving on the Beef Promotion and Research Council of Texas. Find more information at [www.texasbeefcheckoff.com](http://www.texasbeefcheckoff.com).

**Meanwhile, Ohio cattlemen recently approved the Ohio Beef Marketing Program Referendum** that will establish a \$1 state beef checkoff. The vote was won by an overwhelming margin of 72 percent in favor, to 28 percent opposed. The final vote – 1,527 votes in favor, and 591 votes opposed.

## **Full Court to Consider Industry’s Appeal of Denied Request for COOL Injunction**

The U.S. Court of Appeals for the District of Columbia Circuit announced today that it would hear an appeal from meat and livestock groups requesting a preliminary injunction to halt enforcement of USDA’s mandatory country-of-origin labeling (COOL) rules.

The initial request for an injunction was denied by the U.S. District Court for the District of Columbia last September, and last week, a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit denied the plaintiff’s request for an appeal. Today’s announcement vacates that judgment and orders oral argument on constitutional issues be heard on Monday, May 19.

The plaintiffs in the case are the American Meat Institute, American Association of Meat Processors, Canadian Cattlemen’s Association, Canadian Pork Council, National Cattlemen’s Beef Association, National Pork Producers Council, North American Meat Association, Southwest Meat Association and Mexico’s National Confederation of Livestock Organizations.

## **MF Global Customers to Receive Payments**

The trustee for MF Global Inc., a registered commission merchant that failed to segregate funds for customers including farmers, will begin making final distribution that will result in full restitution of \$1.2 billion in customer losses when the company failed in 2011, the Commodity Futures Trading Commission (CFTC) announced today, according to *The Hagstrom Report*.

The consent order obtained by the CFTC, MF Global’s regulator, required MF Global to begin making final restitution payments after obtaining permission from the bankruptcy court to remedy any shortfall with funds of the MF Global general estate. In addition to full restitution, the consent order imposed a \$100 million civil monetary penalty on MF Global to be paid after MF Global has fully paid customers and certain other creditors entitled to priority under bankruptcy law.

“Throughout the division’s investigation and ongoing litigation, ensuring full restitution to customers has been a primary focus,” said Gretchen Lowe, acting director of the CFTC’s Division of Enforcement. “I am pleased that the terms of the consent order are now being fulfilled and that these final restitution payments will satisfy the remaining shortfall. The CFTC will continue to ensure that those who violate U.S. commodity laws and regulations designed to protect customer funds will be held accountable.”

The CFTC’s litigation continues against the remaining defendants: MF Global Holdings Ltd., Jon Corzine, and Edith O’Brien, the agency noted.

### **BPI’s Defamation Suit Against ABC News Will Proceed**

Judge Cheryle Gering of the Union County Circuit Court in South Dakota ruled on March 17 to allow most of Beef Products Inc.’s \$1.2 billion defamation case against *ABC News* and others to proceed, rejecting the network’s arguments for dismissal.

The ruling was not made on whether defamation occurred, but that in 22 of the 27 claims, including alleged product disparagement and interference with business relationships, BPI could continue to pursue its case against the network and on-air personalities, Jim Avila and Diane Sawyer.

BPI filed the suit against *ABC* in September 2012 alleging that *ABC* launched a misinformation campaign that had an adverse effect on BPI’s reputation, and used the term “pink slime” to describe the company’s Lean Finely Textured Beef (LFTB) even after it had been provided factual information about the product.

As a result of the misinformation campaign, BPI claims sales declined from approximately five million pounds of LFTB per week to less than two million pounds per week, three BPI facilities closed, and more than 700 employees lost their jobs. *ABC*, however, argued that they never said BPI’s product was unsafe, and the lawsuit stifles free speech, *Reuters* reports.

“The entirety of the broadcasts can be reasonably interpreted as insinuating that plaintiffs are improperly selling a product that is not nutritious and/or not safe for the public’s consumption,” the judge’s ruling said.

Gering also said the contexts in which *ABC* made certain of its statements justified allowing BPI to continue its case. Read more at <http://tinyurl.com/bpi-abc>.

### **Cattle Feeding Margins Above \$240 for the Past Month**

For the past month, cattle feeding margins have averaged more than \$240 per head, according to the Sterling Beef Profit Tracker. For the week ending March 29, feeder margins averaged \$242.03, compared to \$247.11 the previous week and \$284.85 one month ago. At this time last year, feeders were losing \$105.29 per head. Fed steer prices climbed \$1.15 per cwt. last week to \$152.89. For the past month, fed prices have been more than \$150 per cwt. Feeder steers averaged \$175.17, an increase of \$2.31 per cwt. compared to the previous week. Feed costs stayed the same at \$340.67 while total costs were up \$18.64 per head to \$1,825.51.

Packer margins fell again last week but remain in positive territory at \$36.83 compared to \$65.94 per head the previous week. Packers were losing \$80.05 and \$39.37 per head at this time last month and last year respectively. The beef cutout value dropped nearly \$3 to \$238.01 per cwt. At this time last year, the cutout value was \$189.63. Find more information at <http://tinyurl.com/cattle-margins>.

### **Late Spring Adds to Cattle Management and Marketing Challenges**

“Record feeder cattle prices this spring may increase seasonally a bit more into midyear; however, grazing demand for summer stockers may be limited soon if drought conditions persist or expand,” says Derrell Peel, Extension livestock marketing specialist at Oklahoma State University, in his weekly market comments. “Heifer and breeding cow markets have strengthened thus far in the year but are also contingent on forage conditions.

“Herd expansion plans are on the ground in many regions, but the ability to follow through with those plans is critically dependent on moisture in the next few weeks. If drought conditions abate in dry areas, considerably more female demand may yet be revealed this spring.”

Peel points out that cold weather is delaying green-up in many areas of the country, reminiscent of last year. In parts of the Southwest, drought continues to intensify again.

Speaking to last week’s sharp decrease in wholesale beef values, Peel explains, “Though beef demand appears to be holding strong thus far, there is considerable uncertainty about how it will hold up through the middle of the year as more of the higher wholesale beef values get passed through to retail.

“Fed cattle prices may be at the spring peak but are expected to decrease more slowly through April and into May/June peaks in fed cattle marketings,” Peel says. “Feedlot margins will also be squeezed over the next few weeks with building seasonal fed cattle price pressure. Record high feeder cattle prices in recent months will keep feedlot breakevens high in the coming months.”

## **Consumer Taste Sets Target for Beef**

With recent advances in cattle and beef prices, a common question among producers is, “Can we maintain beef demand?” One fact brings some comfort: As an industry, we are producing the highest quality beef in nearly 50 years. In 2014, the share of cattle grading Choice is averaging nearly 67 percent, compared to the mid- to low-50 percent area just a few years ago, reports *Drovers-CattleNetwork*. Prime is averaging over 4 percent. What you might not know is how important quality grade is to consumer satisfaction.

Dr. Dale Woerner, Colorado State University meat scientist, noted at a recent industry seminar that flavor has replaced tenderness as the key driver of beef consumption. He added that marbling is the critical component in beef flavor, so as quality grade increases, consumer satisfaction increases.

That’s based on research funded by the Beef Checkoff, he said, where a panel trained to detect differences in beef flavor evaluated middle meats from carcasses of varying quality grade. The results were enlightening. Select grading product was less than 30 percent desirable, while Prime was in the upper-90 percent range. Since flavor is our beef consumption and demand driver, the target is very clear.

Find more at <http://tinyurl.com/consumer-taste>.

## **USMEF Focuses on Growing More Markets While Producers Grow More Beef**

Putting meat from the U.S. on plates around the world is the goal of U.S. Meat Export Federation (USMEF).

“We’re trying to add value to what we produce here in the United States,” said Mark Jagels of USMEF. “Where we’re currently exporting approximately 13 percent of the cattle that we raise to over 120 countries, it’s vitally important that we’re in those countries and making sure we have a presence to export U.S. red meat.”

The year 2013 saw record-high U.S. beef exports, and trade added more than \$240 value to each animal sold. Jagels said that’s a testament to a favorable reputation. The group is pleased with progress in markets like Japan, South America and the Middle East, but the continued overseas work is vital. The USMEF remains especially focused on opening trade with China.

“We have to be cognizant that we need to continue to work on market access and market development in these other countries,” said Jagels. “We have to continue to open markets as we see what our domestic consumption is doing, and if we’re going to throw more cattle into the mix, we’ve got to find a market for it.”

Find more information at <http://tinyurl.com/mefmkts>.

## **Two More Countries Lift BSE-Related Bans on U.S. Beef**

In March, two trading partners agreed to resume imports of U.S. beef for the first time since December 2003. Ecuador and Sri Lanka were among a handful of nations that had never reopened after the first U.S. case of BSE, but both are now accepting U.S. beef.

Exports to Ecuador face few restrictions, with muscle cuts and offal items from cattle of all ages now eligible. The only significant constraint involves beef derived from cattle imported from Canada, in which case the animal must be in the U.S. for 60 days prior to slaughter.

In an article by *Beef* magazine, Cheyenne Dixon, USMEF technical services manager, said, “That’s a huge bonus in a market where we expect to export a significant volume of offal products. We hope this restriction is temporary, and it is a point on which the U.S. and Ecuadorian governments continue to negotiate.”

In addition to providing high-quality beef cuts for Ecuador’s hotel and restaurant sectors, USMEF expects U.S. exporters to find success with variety meat items such as beef tripe, livers and hearts. According to the Global Trade Atlas, Ecuador imported 1,006 metric tons (mt) of beef last year at a value of \$4.5 million – down about 10 percent from 2012.

Sri Lanka, recently plagued by civil war, ongoing political conflict, and a deadly tsunami in 2004, is now enjoying a more peaceful existence, which has led to economic growth. Sri Lanka is open to U.S. beef from cattle of all ages. Last year, Sri Lanka imported 74 mt of beef – mostly from Australia – valued at \$400,000.

Read the full story at <http://tinyurl.com/exports-open>.

## **Panhandle Regional Resiliency Assessment Program Project Comes to a Close**

For the past 18 months, the Panhandle Regional Planning Commission’s (PRPC) Regional Emergency Management Advisory Committee (PREMAC) has been engaged in a \$1.4 million project designed to enhance the resiliency of the region’s cattle feeding and livestock industry against natural and man-made threats. The main elements of the project successfully came to a close on March 31.

The project was implemented under the Regional Resiliency Assessment Program (RRAP), a program of the U.S. Department of Homeland Security intended to strengthen infrastructure critical to the welfare of the nation, to better withstand acts of terrorism or other natural disasters.

The most prominent outcome of the PRPC RRAP is the development of planning tools and guides to benefit livestock producers, along with associated livestock industries and local emergency managers. The new suite of RRAP-funded planning products consists of a biosecurity guide, business continuity guide and regional Foreign and Emerging Animal Disease plan. The biosecurity and business continuity guides are designed to function as templates for livestock industries in addressing the most significant threats to facility operations.

“The development of the Feedyard Biosecurity and Business Continuity Plans as part of the RRAP project will allow cattle feeders in the Texas Panhandle and throughout the TCFA service area to be better prepared for natural disasters and response to a foreign animal disease,” said Ross Wilson, TCFA president and CEO.

Find more on PRPC’s emergency preparedness measures at <http://tinyurl.com/prpc-emergency>.

### **WTAMU Cloning Project Moves Forward**

West Texas A&M University’s (WTAMU) groundbreaking cloning experiment began in 2010 when the genetics of Prime, YG1 carcasses were “reverse engineered” to produce a live bull and three heifers, born in 2012.

The offspring in the project are now ready to take part in the next phase of the research to see if a cross of two clones from Prime, YG1 carcasses will produce similar offspring when mated.

Ty Lawrence, head of the WTAMU Beef Carcass Research Center and the originator of the idea for the project, said in an article by *Beef* magazine, “We plan to collect several steer carcasses, clone them; several heifer carcasses, clone them; and cross them in every possible way. The likelihood that one of them is a rock star is pretty high.”

Even though it’s still two to three years before the project yields the first real-world, commercially produced data, it would take up to 60 years to produce the same results without the technology. This way, Lawrence says, they find a good carcass and hit the reset button on those genetics.

As the project continues, the university and its partners have a business plan in place to take the genetics to the cattle industry. According to Lawrence, they hope to ultimately create a new line of cattle, a composite of the best of the best of the best from all existing breeds and their crosses.

Find the full story at *Beef* magazine at <http://tinyurl.com/wtamu-cloning>.

### **A Serving of Meat a Day Keeps the Doctor Away**

Mental health and eating meat may have quite a bit in common, as shown in research conducted by the Medical University Graz, Austria. A recently published study found that research subjects who regularly went with the meat option were overall healthier than their vegetarian peers – and happier.

“Our study has shown that Austrian adults who consume a vegetarian diet are less healthy (in terms of cancer, allergies, and mental health disorders), have a lower quality of life, and also require more medical treatment,” say researchers. Researchers outlined mental health disorders mainly as anxiety and depression.

“Vegetarians in our study suffer significantly more often from anxiety disorder and/or depression. Additionally, they have a poorer quality of life in terms of physical health, social relationships and environmental factors.”

While the study found vegetarians tend to have lower body mass indexes, be more physically active, drink less and smoke tobacco less frequently than meat-eaters, they were 50 percent more likely to have a heart attack, 50 percent more likely to develop cancer, along with being twice as likely to develop allergies.

Read the full story at <http://tinyurl.com/eating-meat-health>.

### **TCFA Announces Staff Promotions**

Matt Davis has been promoted to Feedyard Services Manager, having served since 2008 as Quality Assurance Specialist. Kayla Lanford has been promoted to Communications Manager, having served since 2011 as Membership and Communications Coordinator. Jason Slane has been promoted to Market and Membership Manager, having served since 2008 as Market Analyst. Scena Snider has been promoted to Office Manager, while also retaining the role of Receptionist, in which she has served since 2007.

“I am especially pleased to promote from within and reward the hard work and dedication of Matt, Kayla, Jason and Scena,” stated TCFA President and CEO Ross Wilson. “All four of these talented individuals demonstrate daily their commitment to TCFA members and willingness to do whatever it takes to serve the cattle feeding industry. We are very fortunate to have them as an important part of the TCFA team.”

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