



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

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Republicans Win Control of Congress, Roberts to Chair Senate Ag Committee

While there are a few House and Senate races that are still too close to call, Republicans won at least 13 seats in the U.S. House and 7 seats in the Senate, securing control of the legislative agenda in the next Congress. Kansas Sen. Pat Roberts survived a hard-fought reelection campaign and is expected to become the chairman of the Senate Agriculture Committee.

Only two candidates supported by BEEF-PAC failed to win election on Tuesday. Rep. Pete Gallego (D-Alpine) was defeated by Will Hurd (R-San Antonio) in the contest for Texas Congressional District 23, and Allen Weh (R-Albuquerque) was unsuccessful in his challenge of Sen. Tom Udall (D-Santa Fe) in the contest for the U.S. Senate for New Mexico.

View a complete list of BEEF-PAC supported candidates at <http://tinyurl.com/beefpac-supported-candidates>.

GRSB Adopts Principles and Criteria

The Global Roundtable for Sustainable Beef (GRSB) adopted principles and criteria in Sao Paulo, Brazil this week. The five principles include natural resources, people and community, animal health and well-being, food, and efficiency and innovation.

“The principles and criteria are meant to set broad guidelines that give direction to beef producers globally. Now it’s up to each beef producing country to determine the educational needs for their area,” TCFA Chairman Tom McDonald stated during a producer panel presentation at the conference. “U.S. beef producers have long demonstrated their ability to increase the efficiency of beef production for many decades. If caring for the environment, our people, animals and communities and making a profit to support the business and shareholders is sustainability, then U.S. cattlemen have been sustainable before sustainability became an issue.”

“This issue has been a struggle for all U.S. cattlemen, especially over the past year during my tenure as TCFA Chairman, so it is good to see that a broad definition has been created, and now it is up to each country to determine what this really means for them,” stated Jason Hitch, immediate Past TCFA Chairman.

The sustainability principles focus on increasing beef production, improving efficiency, enhancing profitability and protecting the environment. The adopted principles and criteria can be found at <http://tinyurl.com/grsb-prin-criteria>.

TCFA and NCBA leadership and staff will continue to be engaged in this issue to protect the economic interest of our members.

WOTUS Comment Deadline Nearing, File Yours Today!

Time is running out to submit comments to the Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers (Corps) opposing the “Waters of the U.S.” (WOTUS) proposed rule. If you have not already done so, it is vital that you submit your comments now. The deadline is **Nov. 14**.

The WOTUS rule expands the federal jurisdiction to include essentially all waters across the country, subjecting landowners to increased regulation and fines of up to \$37,500 per day. The increase in liability will chill landowner participation in conservation activities by making the Natural Resources Conservation Service a regulatory compliance agency.

TCFA urges you to help “Ditch the Rule” by submitting comments today. Go to www.tcfa.org and click on the WOTUS banner at the top of the page. Fill in your contact information and click submit to pull up pre-populated comments that can be personalized with your thoughts or sent as is. Make sure your voice is heard.

D.C. Circuit Denies Request for Another COOL Hearing

A federal appellate court has denied a request by the meat processing industry to rehear its arguments against the Agriculture Department’s country-of-origin labeling rules for meat. In an order issued Friday, the U.S. Court

of Appeals for the District of Columbia Circuit rejected the petition for a hearing en banc in *American Meat Institute, et al., v. USDA*, though it offered no explanation for the decision.

AMI, on Sept. 15, asked the full court to - for the second time - review its March 2014 decision in the suit, which challenged the COOL rules under both the First Amendment and the Agricultural Marketing Act. The court, in July, backed USDA's rules, finding that they do not violate meat processors' freedom of speech as the government has a "substantial" interest in requiring the labeling where livestock was born, raised and slaughtered, including food safety concerns. Read the latest court order here: <http://politico.pro/1trUUMV>

Mexico and Canada Could Seek \$2 Billion in Retaliation Over COOL

The World Trade Organization ruled last month that the United States failed to bring its meat labeling regulations fully in line with international fair trading rules after a complaint levied by its two neighbors. The ruling is a step toward potential retaliation, which under WTO rules is linked to the level of damage done by the offending actions, with the exact amount worked out in negotiation with the parties.

According to a recent *Reuters* article, a Mexican official said that his government would seek "hundreds of millions" of dollars in trade retaliation against the U.S. if Washington does not change meat labeling laws. Canada estimates that the U.S. country-of-origin labeling law (COOL) has cost its farmers and processors \$1 billion a year in lost sales and lower prices, and warned on Friday it would pursue all available remedies.

"Neither Mexico nor Canada will accept anything less than a full solution," said the Mexican official, who is familiar with the WTO case and who spoke to *Reuters* on condition of anonymity. Acceptable options include scrapping the labeling law or replacing labels such as "Born in Mexico, Raised and Slaughtered in the United States" with a generic "North American" source, the official said.

The Canadian Cattlemen's Association said on Wednesday the COOL law forced Canadian and Mexican cattle to be segregated, adding costs along the supply chain. "For the U.S. to come into compliance, it has to make a legislative change, and that legislative change has to be significant enough to eliminate the need to segregate," CCA counsel Edward Farrell said at a Heritage Foundation event on Wednesday.

U.S. Chamber of Commerce Senior Vice President for International Policy John Murphy said at the event that Congress should act soon to make sure the relevant sections of the law could be quickly rescinded once the WTO made its final ruling. Advocates are looking for opportunities to get such provisions before Congress this year or early next year, he said, noting there would be funding bills that must come up for a vote before the end of the year.

The United States has said it may appeal the recent ruling, and in that case, a final WTO ruling is likely between April and June 2015.

USDA Solicits Comments on Structure of New Checkoff

On Monday, USDA will publish a "Notice of Inquiry" in the *Federal Register* to solicit comments on the development of a new beef checkoff program under the Commodity Promotion, Research, and Information Act of 1996. The proposed program would be in addition to the existing beef checkoff program established under the Beef Promotion and Research Act of 1985.

TCFA and 44 other state cattlemen's associations, representing more than 170,000 cattle breeders, producers and feeders, sent a joint letter to Agriculture Secretary Vilsack in October, urging him not to establish a supplemental beef checkoff under the 1996 Act. The groups are concerned that the structure of the 1996 Act would lead to more bureaucracy, increased federal control and less grassroots involvement. The 1996 Act also fails to assure a coordinated national/state partnership concept, as exists today with the Federation of State Beef Councils.

Interested parties have until Dec. 10, 2014, to submit comments in response to the questions asked in the USDA notice. Those questions and additional information about USDA's intentions can be found at <http://tinyurl.com/beef-promo-order>.

EQIP Sign-Up Deadline Approaching

The Environmental Quality Incentives Program (EQIP) was reauthorized in the Farm Bill, and applications for the coming year must be submitted by Friday, Nov. 21, 2014. All applications received after the cutoff date will be held for evaluation for funding the following fiscal year. Applications will be ranked based on a number of factors, including the environmental benefits and cost effectiveness of the proposal. Contact your local NRCS Field Office for more information on the program or for an application for cost-share funds in FY 2015.

U.S. Extends Comment Period for Argentine Beef Import Proposal

The USDA's Animal and Plant Health Inspection Service on Wednesday announced the extension of the comment period for the proposed rule that would allow, under certain conditions, the importation of fresh (chilled or frozen) beef from Northern Argentina. The deadline to file comments is now Dec. 29, 2014.

The rule has raised concerns among U.S. livestock groups due to Argentina's history with cases of foot-and-mouth disease. To submit comments, you may use the Federal eRulemaking Portal at <http://tinyurl.com/aphis0032-0131>.

HSUS, Others Target Ractopamine

The Humane Society of the United States (HSUS), the United Farm Workers of America and the Animal Legal Defense Fund are suing the Food and Drug Administration for permitting livestock producers to administer ractopamine-based animal growth promotants, claiming FDA has failed to take into account ractopamine's cumulative effects on the environment, animal behavior or worker safety. The lawsuit, filed on Thursday, asks the court to set aside FDA's approvals of the drugs at issue while the agency performs an environmental review. For more information, visit <http://tinyurl.com/suit-ract>.

2014 TCFA Annual Convention – Admiral Eric Olson

Retired Admiral and 4-Star U.S. Navy Seal Eric Olson gave the keynote address at the opening general session of the 2014 TCFA Annual Convention on national security, geopolitics and leadership in the 21st Century. Admiral Olson was Commander of the U.S. Special Operations from 2007 to 2011. He served as the country's top special operations officer reporting to the Secretary of Defense who reported to the President.

Admiral Olson discussed how our changing world in technology and social media is altering the way we look at borders and security. Our borders separating physical areas can still be enforced on the field, but cultural and social borders can be crossed in an instant. An image, whether good or bad, uploaded from a remote corner of the globe to a social media site can go viral in an instant.

He spoke on his leadership responsibilities and how they could translate to applications in the lives of the audience members. In accomplishing his task of building and sustaining small, high-performing teams that could work together or separately, he outlined a few factors that helped lead to his success: Have a clear vision of what the team needs to accomplish; Know the right people, and listen to them; Understand the difference in training and education, and know how to apply both symbiotically; Consciously inject challenge into the lives of the team you are leading in order to uncover their true character; Lastly, learn fearlessly, he said, "When the map differs from the terrain, you've got to go with the terrain. It's better to go with the terrain than to go with the map and find that the map was wrong."

2014 TCFA Annual Convention – Nina Teicholz and Shalene McNeill

Nina Teicholz, investigative journalist and author of *New York Times* bestseller, *The Big Fat Surprise*, shared about her journey from being an "almost vegetarian" to uncovering the secret that red meat and saturated fats weren't the villains that they've been portrayed to be.

She opened by explaining that saturated fats first became demonized by science with the research of the American pathologist Ancel Keys. He responded to fears about the rising epidemic of heart disease and cherry picked his research groups to support his idea that red meat (and saturated fats, more generally) were the culprit, even though there were vast amounts of other possible causes. Saturated fat became the scapegoat named by experts, but that idea was always based on soft science. She continued to debunk the theory of "fat making you fat" by citing prestigious research sources including studies conducted at Cambridge and Harvard.

Shalene McNeill stepped right in on the nutrition of beef to take it a step further in discussing what we can do about "beef's bad rap." McNeill is the Executive Director of Human Nutrition Research at NCBA and also directs nutrition research for the Beef Checkoff.

McNeill and Teicholz were in agreement on the scientific evidence pointing to the health benefits of eating beef. This left the question as to why all Americans weren't jumping on board. McNeill discussed that while beef is in fact a vital part of a healthy diet, it is often associated with an unhealthy lifestyle of French fries and heavily caloric and/or sugary beverages. We need to be associating beef with better side dishes and a healthier lifestyle.

McNeill left the group with an encouraging fact about the product they produced. "We deliver something [beef] that few foods offer, which is great taste and good nutrition in one package." Anyone can go out and get one or the other, but being able to offer both in one product is truly unique.

2014 TCFA Annual Convention – Randy Blach

CattleFax CEO Randy Blach shared his optimism for the beef industry as the nation's cowherd is finally showing expansion as a result of improved moisture and manageable feed costs. At the same time, he stressed to producers that while the landscape is changing, it's essential to keep proper perspective.

With the rains that began around Memorial Day, the two key ingredients for growing a herd – green grass and profitability – for the first time in years are lining up and have since then accelerated. Blach highlighted the dynamics of the market with the high of \$142/cwt. the third week in May to the current high of \$170/cwt. – nearly a \$30/cwt. move since the first week of June.

Meanwhile, feeder cattle have pushed from \$170/cwt. in January to \$245/cwt. currently – a 45 percent shift. According to Blach, now is the time to be vigilant in managing risk. Basis levels remain to be a major challenge with the TCFA region's reliance on the rail system, even though grain prices are more reasonable.

"We think we'll be looking at corn prices over the course of the next couple of years that will basically trade from \$2.75 at the low...to trade back up to \$4.25 to \$4.50 at the upper end of the range," Blach said. "Farming enterprises did very well over the last decade, and now we're going to operate in an environment that's closer to the cost of production."

Blach stated that the U.S. producer's role in the global marketplace is going to continue to increase, creating tremendous opportunities for beef – especially with the emerging middle class in developing countries. Paired with profitability, it's opportunities like this that he attributes to a new era of young producers joining the livestock sector.

"I hope you're as optimistic as I am to see that we are in a process of putting a new generation back on the land," Blach concluded. "Continue to pray for rain."

2014 TCFA Annual Convention – Beef Sustainability Production Panel

Continuous improvement was the overarching theme of the beef sustainability production panel at the 2014 TCFA Annual Convention, which included Suzy Friedman, Director of Ag Sustainability at Environmental Defense Fund (EDF); Brittini Furrow, Senior Director of Sustainability for Walmart; and Rod Snyder, President of Field to Market.

Collectively, the panel agreed that sustainability is key to feeding 9 billion people by 2050 with an increasing middle class while dealing with resource constraints and weather volatility.

Cristian Barcan, the moderator for the panel, is the global sustainability leader for BASF Nutrition and Health, and he helped NCBA roll out of the U.S. Beef Sustainability Assessment. In his opening remarks, Barcan offered this vision, "Of all the many challenges the industry has faced in the past, they may not amount to the challenges that lie ahead for us – and that is in creating more sustainable beef."

He explained the beef industry's engagement on this issue through the Global Roundtable for Sustainable Beef, the Life Cycle Assessment, as well as working to set aside KPIs for now so the U.S. industry can converge to formalize a common effort for the benefit of everyone.

The panel agreed that a traceability system to each producer is not logistically or economically viable, but they do want entities that are buying those commodity crops participating in efforts to identify generally where they are sourcing from, what the footprint of that sourcing is and how to engage in initiatives to help advance continuous improvement against key metrics across that footprint of production. To them, it's about advancing improvements in that general area, aggregating enough data to generate confidence across the supply chain in the improvements that are occurring and bring that recognition back for those regions for that industry.

2014 TCFA Annual Convention – Tracy Brunner

On Monday morning at Convention, Tracy Brunner, NCBA Vice President, gave TCFA members an update on Association activities, focusing on checkoff successes, as well as issues the industry faces in the policy arena.

He brought to light Secretary Vilsack's proposal to institute a supplemental checkoff under the 1996 Generic Commodity Marketing Act, separate from the 1985 Act in which the checkoff was established. He outlined the major differences between the two acts noting that unlike the 1985 Act, the 1996 Act does not allow for state beef council involvement, grassroots support or the ability for cattlemen to oversee their funds.

"That work is ongoing," he said. "But I am confident that with perseverance, we will be able to keep our checkoff in the hands of U.S. cattlemen and be able to invest our money in things that benefit the beef industry most."

In terms of policy, Brunner relayed that NCBA presses on to resolve a number of issues related to the Waters of the U.S. rule, Mandatory Country of Origin Labeling, the proposal allowing beef to be imported from areas in Brazil and Argentina, antibiotics, taxes, and the nutrition and dietary guidelines, among others.

In terms of Checkoff successes, he cited the importance of the sustainability research conducted through the Life Cycle Assessment that has enabled the industry to refute misinformation and lead the conversation that surrounds beef sustainability. Brunner also highlighted the importance of the checkoff's beef safety and market research, information development and education in a time when the industry's focus is on a new generation.

"The Millennial generation has a growing amount of influence and a growing amount of income," he said. "We need to make sure that we keep our product relevant and of value to the beef customer of today and the growing beef customer of tomorrow."

2014 TCFA Annual Convention – Sports Tournament Results

To conclude the 2014 TCFA Annual Convention experience, cattle feeders spent some time enjoying a little friendly competition in the golf and sporting clays tournaments.

The following are the winners of the golf tournament, which was held at the SilverHorn Golf Club in Oklahoma City. Congratulations to Bruce Butler, Perry Kirkland, Benny McLain and Larry Stalcup for winning first place as a team. The second place team consisted of Henry Holdman, Andy Rogers, Mike Simpson and Dell Volmer. Third place went to Mike Berry, Matt Cox, Michael Jenkins and Scot Vidrine. Closest to the pin was Jeremy Schumacher, and the winner of the longest drive was Christopher Glass. The winner of the 50/50 draw/betting hole was Mike Berrey.

The results of the sporting clays tournament, which was held at Quail Ridge Sporting Clays, is as follows. In the Allied Industry Division, Tom Schooler was first place; Jared Stoker was second; Doug Edwards was third; and Shanon Campbell was fourth. In the Feeders Division, Jason Hitch was first place; Clayton Simmank was second; Jim Peters was third; and Brad Lubbers was fourth. Tom Schooler was the overall winner followed by Jared Stoker, Doug Edwards and Jason Hitch respectively.

Congratulations to all winners, and thank you for your participation!

Feeders and Feedyards in the News

During the annual meeting of the American Angus Association this week in Kansas City, Mo., two TCFA members were elected to prominent leadership positions. **Steve Olson** of Hereford, Texas, was elected president and chairman of the board, and **James Henderson** of Memphis, Texas, was elected to the board of directors.

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