



# TEXAS CATTLE FEEDERS ASSOCIATION

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# NEWSLETTER

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## **TCFA, Texas Beef Council Join USMEF on Overseas Market Development Trip**

Last week, TCFA leadership traveled overseas to parts of Asia to explore new market opportunities for U.S. beef and Texas BBQ. Hosted by the U.S. Meat Export Federation (USMEF) and led by Vice President Greg Hanes, trip participants included TCFA Chairman Tom McDonald, CEO Ross Wilson and Texas Beef Council Executive Committee Member Austin Brown III and Senior Manager of Beef Quality & Exports Jason Bagley.

The Texas Beef Council and Beef Promotion Research Council of Texas (BPRCT) strongly support growing beef demand abroad. This year alone, BPRCT has committed to invest \$1.1 million to USMEF to help ensure export market opportunities continue to expand. The purpose of this trip was to see the market firsthand, experience some of the checkoff-funded programs taking place and visit with customers including importers, distributors and foodservice groups, allowing for insight on how programs will be developed in the future and how the "Texas" brand can be leveraged to help increase beef demand.

Several meetings in major cities were held along the way, including Tokyo, Japan, where the group spent time meeting with representatives from the Japanese BBQ Association; Nippon Ham, Japan's largest meat importer, and U.S. beef packing country representatives.

The group also had dinner meetings with a highly respected female TV personality and 50 bloggers who paid to attend and listen to her talk about the quality of U.S. beef and see a cooking demonstration, along with a dinner meeting with a group of restaurant owners and restaurant association leaders interested in BBQ. The Texas team made presentations to some of the groups. McDonald spoke about cattle feeding, while Brown spoke about ranching. Bagley explained the history of Texas BBQ and how to properly prepare Texas beef.

In Hong Kong, the group met private sector entrepreneurs interested in promoting and marketing a Texas beef image and Maxim Group Restaurant, one of the largest restaurant conglomerates in Hong Kong and east Asia. In both Japan and Hong Kong, the group met with Agricultural Attaché at the U.S. Embassy and toured supermarkets merchandising U.S., Australian and local beef. U.S. embassy staff assist U.S. exporters by providing market research, trade leads, business matching and promotion through various trade promotion programs.

They also traveled to Shenzhen, China, across the border from Hong Kong, to tour Hai Ji Xing, one of the largest cold storage facilities in Southern China involved in beef merchandising. Shenzhen is considered one of the fastest-growing cities in the world with Chinese citizens and foreign nationals investing more than \$30 billion in foreign investment.

"The opportunity to travel to China and Japan to immerse ourselves in their culture and learn more about their specific beef preferences was an invaluable and unforgettable experience," McDonald said. "It was also an honor to share the story of American beef with leaders of their countries and to see how excited they are about the product we work hard to produce."

To view the article that appeared in Chikusan Nippo, a trade magazine that interviewed the Texas team during the trip, go to <http://tinyurl.com/chikusan-nippo-article>. Read the English version at <http://tinyurl.com/tx-team-article>. A picture documentation of the trip is also available at <http://tinyurl.com/china-japan-photos>.

## **House Passes Fiscal Year 2015 Funding Bill**

Last night, the House passed the \$1.1 trillion 2015 Omnibus Appropriations Bill, funding much of the government through Sept. 30, 2015, and including many priorities for the cattle industry.

The bill's report language contains a provision instructing the Secretary of Agriculture to submit a report to Congress recommending changes in the Federal law to bring the Country of Origin Labeling program into compliance with our international trade obligations. The report must be submitted within 15 days of the appeal decision from the WTO or by May 1, 2015, whichever comes first.

"While we would have preferred a more robust provision that would have repealed the COOL law, that was not possible in this bill," said TCFA Chairman Tom McDonald. "This provision at least requires the Secretary to officially acknowledge that COOL is broken and work with Congress to find a solution that brings the U.S. into

compliance with WTO obligations and prevents further damage to cattle producers, our economy and our trade relationships.

The report also directs the Secretary of Agriculture not to implement a duplicative federal beef checkoff under the 1996 Generic Commodity Promotion, Research and Information Act. TCFA filed comments opposing the Secretary's effort earlier this week. (detailed article below)

The bill also directs the Environmental Protection Agency (EPA) to withdraw the Waters of the United States (WOTUS) Interpretative rule; however, it does not address funding for the broader WOTUS rule that TCFA, NCBA and a large coalition of cattle producers and landowners resoundingly opposed in comments submitted in late October.

"The WOTUS Interpretative rule would have been detrimental to agricultural producers across the nation and would have forced the USDA Natural Resources Conservation Service to become a regulatory agency responsible for prescribing and approving limited production practices," said McDonald. "While we, along with all of agriculture, were disappointed Congress did not defund EPA's larger WOTUS efforts, this provision indicates that Congress is listening to the concerns of landowners and should take further action next year."

The bill also contains provisions to continue the defunding of the Grains Inspection Packers and Stockyards Administration's competition rule, EPA's efforts to require cattle producers to obtain greenhouse gas permits for livestock. The Senate is expected to consider the bill this weekend. TCFA urges the Senate to pass the bill.

### **TCFA Submits Comments Opposing New Federal Beef Checkoff**

On Wednesday, TCFA submitted comments to Agriculture Secretary Tom Vilsack in response to USDA's request for comments on how a new federal beef checkoff under the Commodity Promotion, Research, and Information Act of 1996 should be structured.

The comments state that "TCFA adamantly opposes the establishment of a supplemental beef checkoff under the 1996 Commodity Promotion, Research, and Information Act. The 1996 Act fails to ensure a coordinated state / national partnership concept and is too open-ended and subject to too much government, not producer, direction. In addition, the 1996 Act is incompatible with the complex nature of the cattle production system and that USDA would be unable to develop a program that was equitable across the different industry segments."

The comments also acknowledge the need for additional resources to build beef demand, but state that this "can only be achieved through amendments to the 1985 Act and Order to ensure the checkoff remains fair to all producers; maintains program cost efficiencies; does not create new bureaucracies and administrative functions; and maintains the role of State Beef Councils and the focused, coordinated state / national plan developed through joint efforts by the Federation of State Beef Councils and Cattlemen's Beef Board to achieve the goals of the industry's joint Long Range Plan."

TCFA's comments urged the Secretary to discontinue all efforts to create a new, beef checkoff program under the 1996 Act and work with the remaining members of the Beef Checkoff Enhancement Working Group in developing a solution to enhance the beef checkoff program under the 1985 Act and Order, as supported by a majority of beef producers. A copy of the comments can be found at <http://tinyurl.com/tcfa-checkoff-comments>.

### **Conaway Announces Subcommittee Chairs for House Agriculture Committee**

Incoming House Agriculture Committee Chairman Michael Conaway (R-Texas) announced this week that Rep. Randy Neugebauer (R-Texas) will serve as Vice Chairman of the House Committee on Agriculture and appointed Subcommittee Chairs for the next Congress:

- **Biotechnology, Horticulture, and Research** – Rep. Rodney Davis (R-Ill.)
- **Commodity Exchanges, Energy, and Credit** – Rep. Austin Scott (R-Ga.)
- **Conservation and Forestry** – Rep. Glenn Thompson (R-Penn.)
- **General Farm Commodities and Risk Management** – Rep. Rick Crawford (R-Ark.)
- **Livestock and Foreign Agriculture** – Rep. David Rouzer (R-N.C.)
- **Nutrition** – Rep. Jackie Walorski (R-Ind.)

"I am pleased to announce the men and women who will be leading the House Committee on Agriculture Subcommittees during the 114th Congress. These individuals will play a leading role in developing policies on an array of issues that are important to all Americans," Conaway stated in a press release.

In announcing Neugebauer's leadership position, Conaway said, "We have worked together for years, and I will benefit from his counsel as I continue to work for both West Texas and the nation."

## **CME Announces Modification to Daily Settlement Price Determinations in Certain CME Ag Futures**

Effective on trade date Monday, Dec. 15, 2014, and pending all relevant U.S. Commodity Futures Trading Commission regulatory review periods, Chicago Mercantile Exchange Inc. (CME) will modify the manner in which settlement prices are determined in CME Live Cattle futures, CME Feeder Cattle futures and CME Lean Hogs futures in an effort to incorporate all relevant bid, offer and trade prices in the calculation of the daily settlement price. Find more information at <http://tinyurl.com/modification-cme>.

## **Leading Food Groups Seek Balanced, Practical Nutrition Guidance**

A coalition of 18 food organizations on Tuesday announced the formation of a new Back to Balance Coalition aimed at promoting balanced, practical and achievable dietary guidance. The Coalition formed in response to public policy efforts occurring at the local, state and national levels to malign and restrict certain foods when both scientific research and the nutrition community say such efforts are unlikely to work.

The Coalition released results from an October 2014 survey of 300 registered dietitian nutritionists, nurse practitioners and physician assistants, which revealed that more than half (54 percent) of healthcare professionals believe public policy that restricts certain foods, or classifies some foods as “bad,” is not an effective way to improve health and nutrition.

The Coalition unveiled its new website, [www.Bk2Balance.org](http://www.Bk2Balance.org), where the public can view poll results, resources and statements on the Back to Balance approach such as the united agreement, “Encouraging Balance in Dietary Guidance” supported by the Coalition and leading health and nutrition experts. The announcement comes as the Departments of Health and Human Services and Agriculture are developing nutritional policies like the 2015 Dietary Guidelines for Americans and new nutritional labeling requirements, among other government-related nutrition initiatives.

Included in the group of many members that formed the Back to Balance Coalition are the American Association of Meat Processors, American Meat Institute and North American Meat Association.

To read the Back to Balance Coalition’s news release, visit <http://tinyurl.com/bk2balance>.

## **New Research Links Diabetes, Heart Disease Risk to Diet High in Carbs, Not Fat**

Doubling or even tripling saturated fat in the diet does not drive up total levels of saturated fat in the blood, according to a controlled diet study. However, increasing levels of carbohydrates in the diet during the study promoted a steady increase in the blood of a fatty acid linked to an elevated risk for diabetes and heart disease.

The finding “challenges the conventional wisdom that has demonized saturated fat and extends our knowledge of why dietary saturated fat doesn’t correlate with disease,” senior author Jeff Volek, a professor of human sciences at The Ohio State University said in a news release. In fact, he said when a very low-carb diet is consumed, the body preferentially burns saturated fat.

“There is widespread misunderstanding about saturated fat. In population studies, there’s clearly no association of dietary saturated fat and heart disease, yet dietary guidelines continue to advocate restriction of saturated fat. That’s not scientific and not smart,” Volek said. “People believe ‘you are what you eat,’ but in reality, you are what you save from what you eat...And the primary regulator of what you save in terms of fat is the carbohydrate in your diet. Since more than half of Americans show some signs of carb intolerance, it makes more sense to focus on carb restriction than fat restriction.” Read all about the study at

<http://tinyurl.com/doubling-sat-fat>.

## **Japan’s Soaring Demand for Cow Tongue**

If you were to walk into a restaurant in Japan on any given day, you may be surprised to find the main feature on the menu to be cow tongue. One particular restaurant in the city of Sendai, Japan, provides 28 different menu choices for customers craving cow tongue, including mashed tongue, tongue sausage, tongue gravy, tongue salad, tongue stew, fried tongue, salted tongue, tofu slathered with tongue sauce, roasted tongue, smoked tongue, barbecued tongue, tongue mixed with fried egg and the traditional shabu shabu – thinly sliced tongue boiled in water.

It was 11 years ago that Japan banned American beef after the discovery of bovine spongiform encephalopathy in one cow in Washington state, but after Japan loosened restrictions on the age of cattle it would accept last year, U.S. beef-tongue exports soared by 150 percent in 2013 over the previous year, according to the U.S. Meat Export Federation, and they’re on pace to go even higher this year.

Americans generally don’t have a desire to prepare and consume cow tongue, and that’s good news for officials at the popular Kisuke restaurant chain, who go through 1,500 tongues per day at its dozen establishments throughout Japan. All of the tongues are imported from the United States.

"I don't want you to eat them...Only we Japanese want to eat," said Hiroyasu Ono, Kisuke's director of sales. An average entrée costs \$12 at the chain, which has about 2,500 daily customers.

Japan ranks as the top foreign market for U.S. cattle producers, both in volume and value, with shipments worth \$1.4 billion last year. Find the full story at <http://tinyurl.com/cow-tongue-demand>.

### **Japan, Korea, Hong Kong Drive Beef Export Growth**

According to data released by USDA and compiled by the U.S. Meat Export Federation (USMEF), October beef exports equated to 15 percent of total production and 11 percent of muscle cut production, compared to 13.5 percent and 11 percent, respectively, a year ago. For January through October, exports equated to 14 percent of total production and 11 percent for muscle cuts (up from 13 percent and 10 percent). Export value per head of fed slaughter was \$321.28 in October (up \$70 from a year ago) and \$287.32 for January-October (up \$42.80).

Exports to leading market Japan were exceptionally strong in October, increasing 25 percent in volume (22,586 mt) and 54 percent in value (\$164 million). For January-October, exports totaled 206,879 mt (up 2 percent), valued at \$1.33 billion (up 11 percent).

Other January-October beef highlights include:

- Exports to South Korea were up 12 percent in volume (96,040 mt) and 41 percent in value (\$674.9 million). October export volume was the largest of the year at 11,167 mt.
- Exports to Hong Kong have already set a new annual value record of \$898 million, easily surpassing the 2013 full-year total of \$823.3 million. October export volume was the largest ever at 16,779 mt.
- Led by strong growth in the Dominican Republic, exports to the Caribbean were up 20 percent in volume to 19,042 mt and 26 percent in value to \$124 million – just short of the full-year value record (\$127 million) set in 2012.

Complete export statistics can be found on USMEF's website at <http://tinyurl.com/usmef-export-stats>.

### **Beef Checkoff Helps Sponsor Kids LiveWell Program for Protein-Powered Kids Menus**

The National Restaurant Association on Tuesday announced the Beef Checkoff as a new sponsor of the Association's award-winning Kids LiveWell program, a voluntary industrywide initiative designed to help make the healthful choice the easy choice when dining out with children. The checkoff has identified a collection of kid-friendly recipes in its database of on-trend recipes that meet the Kids LiveWell criteria. The recipes, nutritional and pairing suggestions are available at [www.BeefFoodservice.com/NRAKidsLiveWell.aspx](http://www.BeefFoodservice.com/NRAKidsLiveWell.aspx).

Participating restaurants and their qualifying items are listed on [HealthyDiningFinder.com](http://HealthyDiningFinder.com), and also via a free Kids LiveWell app (<http://tinyurl.com/kidslivewell-app>) in the Android Market and iTunes App store. For more information, visit <http://tinyurl.com/checkoff-live-well>.

### **Kentucky Beef Cattle Producers Approve State Checkoff**

Kentucky beef producers have voted to assess themselves an additional \$1 per head on cattle marketed in the state. The state's Agriculture Department says the final tally in last month's statewide referendum was 1,816 in favor and 1,423 against. The assessment takes effect April 1, 2015. Kentucky is the twelfth state to implement its own beef checkoff program.

### **Nearly All Vegetarians Go Back to Eating Meat**

The temptation of a cheeseburger is hard for anyone to resist, including those who were once vegetarians or vegans. According to a large survey study of American dietary habits, 84 percent of vegetarians and vegans eventually go back to eating meat.

The study polled 12,000 adults, which revealed that only 2 percent of American adults currently classify themselves as vegetarians or vegans; 10 percent acknowledged that they are former vegetarians or vegans; and another 88 percent of the respondents have never experimented with vegetarian or vegan diets. According to the research firm, more than half of the ex-vegetarians and ex-vegans gave up on their diets within the first year, while another third went back to meat-eating within three months of going vegetarian.

Find the complete results of this study at <http://tinyurl.com/former-veggie>.

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