



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

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U.S. Cattle Report

The U.S. *Cattle* inventory report shows all cattle and calves reported at 89.8 million head, up 1 percent from last year. The Jan. 1, 2015 *Cattle* report is the first report to show an increase in eight years. The following is a breakdown of the report:

- Cattle and calves, 89.8 million up 1 percent.
- Cows and heifers that have calved, 39.0 million up 2 percent.
- Beef cows, 29.7 million up 2 percent.
- Dairy cows, 9.3 million up 1 percent.
- Heifers 500 pounds and over, 19.2 million up 1 percent.
- Beef replacement heifers, 5.8 million up 4 percent.
- Dairy replacement heifers, 4.6 million up 1 percent.
- Other heifers, 8.9 million unchanged.
- Steers 500 pounds and over, 15.8 million up 1 percent.
- Bulls 500 pounds and over, 2.1 million up 3 percent.
- Calves under 500 pounds, 13.7 million up 1 percent.
- 2014 calf crop, 33.9 million up 1 percent from 2013.
- Cattle on small grains pasture in KS, OK and TX, 1.93 million up 20 percent.

Every category is either unchanged or higher compared to the previous year. The economic incentives that were seen in 2014 are encouraging growth, although the challenges the industry has historically faced will continue. From the looks of the report, producers are starting to slowly rebuild the cattle herd.

New Proposal Includes Legislative Changes to Beef Checkoff

Members of the National Beef Checkoff Enhancement Working Group, which includes NCBA, have drafted a memorandum of understanding (MOU) to record commitment of the organizations involved to pursue proposed changes in the program. Others represented on the working group include the American Farm Bureau Federation, American National CattleWomen, Livestock Marketing Association, Meat Import Council of America, National Livestock Producers Association, National Milk Producers Federation and U.S. Cattlemen's Association.

The proposal would require legislative changes in the 1985 Beef Promotion and Research Act and Order, and a producer referendum would be conducted on whether to increase the current checkoff by \$1.00 per head to a total national rate of \$2.00. The second dollar would be available for refund to checkoff payers if requested.

According to the MOU, USDA would publicize a 30-day period every five years during which checkoff stakeholders could initiate a referendum on the continuation of the program or an increase in the assessment rate. This referendum would be triggered if 10 percent of those paying the assessment requested a vote on a specific question. Assessments would continue to be collected by state beef councils, which would have the ability to retain 50 percent of the amount.

The MOU also calls for more inclusion of national beef industry organizations in the nominating committee of the Beef Promotion Operating Committee (BPOC) by including seven members on a 21-member nominating committee. The CBB and Federation of State Beef Councils will also each name seven members to the BPOC nominating committee. The MOU maintains the current makeup of the BPOC with 10 members from the Cattlemen's Beef Board and 10 from the Federation of State Beef Councils, ensuring the continuation of a strong state and national partnership.

At last week's meeting, the TCFA Board voted to support the proposal. NCBA members will further discuss the proposal during policy meetings at the Cattle Industry Convention, which will be held Feb. 4-7 in San Antonio.

Cattlemen Urge Renewal of Trade Promotion Authority

NCBA issued a statement this week calling for the renewal of Trade Promotion Authority (TPA), also known as “fast-track,” which would limit Congress’s ability to add amendments to key trade deals. The legislation, which hasn’t been in effect since 2007, would give the President authority to negotiate trade agreements with an assurance that Congress will give the final agreement only an up or down vote.

Over 12 million American jobs depend on exports, and with the renewal of TPA, valuable free trade agreements such as the Trans-Pacific Partnership (TPP) can move forward.

“The governments of many of our competitors are actively engaged in negotiating trade agreements with growing consumer markets around the world,” said NCBA President Bob McCan. “Unless the United States takes a similar aggressive approach to secure free trade agreements, we will lose market share; not due to the quality of our products, but because our products will be more expensive due to import tariffs. While the final terms of the agreement are still far from conclusion, TPP could give the United States a stronger foothold in the growing Asian and Pacific Rim markets.”

The multi-lateral TPP agreement is currently being negotiated by the U.S., Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam, Japan, Canada and Mexico. NCBA and TCFA urge the U.S. to push for full and free market access to all TPP member countries, eliminating high tariff rates and quotas that currently limit the U.S.’s ability to compete for consumers.

Groups Rally Against Labor Dispute Impacting Meat, Ag and Food Exports

An ongoing labor dispute between the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) that began in the summer of 2014 is impacting exports out of the United States’ West Coast ports, costing agriculture an estimated \$30 million a week in losses due to the bottleneck.

In an open letter Wednesday, 90 ag groups urged ILWU and PMA to take into account the impact the dispute is having on consumers and to resolve their differences as quickly as possible. They urged the federal government to consider all available solutions to bring the dispute to a swift end, noting the dire consequences of not reaching an agreement that gets each port back up and running quickly.

A federal mediator is helping conduct negotiations between both parties, but according to the latest report, the ILWU and PMA have only reached agreement on health care and pay guarantees.

"This regrettable situation is having a severe impact on our ability to export agricultural and food products to many of our main export markets," the letter said. "Inevitably, these overseas customers will look to other sources for their supply of these goods. Similar to what we encountered after ill-advised export embargoes in the past, once lost, a foreign customer can be difficult to recapture."

During a U.S. Senate Finance Committee hearing on President Obama’s 2015 trade policy agenda, Sen. John Cornyn (R-Texas), who chairs the Trade Subcommittee, spoke about the negative consequences that the situation has had and will continue to have on beef exports unless resolved quickly. To that end, Cornyn asked U.S. Trade Representative Michael Froman if the Obama Administration views resolving the situation as a priority. Froman responded that the Administration hoped that the federal mediation was successful and the situation resolved as soon as possible.

TCFA Submits Comments on EPA’s Proposed Rule for Electronic Reporting

In December 2014, EPA published a Supplemental Notice to the 2013 proposed NPDES Electronic Reporting Rule. The proposed Electronic Reporting Rule requires electronic reporting instead of current paper-based reports. The supplemental notice was intended to be an opportunity to clarify misunderstandings, address issues raised by stakeholders and discuss how EPA might modify the original rule that was proposed in 2013.

In comments submitted this week, TCFA urged EPA to avoid creation of a rule and process that could be in conflict with state permitting program requirements and to limit the scope and type of information required to be reported by Concentrated Animal Feeding Operations.

“If EPA is determined to finalize a separate electronic reporting rule, the Agency must not collect any information from feedyards that is not specifically required by federal statutes and regulations,” stated TCFA Vice President Ben Weinheimer. “There are a number of entities and organizations within and outside the U.S. that could potentially use detailed information to wreak havoc on our members’ facilities and their employees.”

As demonstrated for several decades by TCFA members, compliance with environmental regulations and site-specific facility requirements has been and will continue to be a high priority. Feedyards in the TCFA area are routinely inspected by state environmental agency personnel, during which time the inspectors review and evaluate compliance. TCFA is not opposed to continuing that model; however, TCFA is opposed to placing potentially sensitive information in the hands of persons and entities that have ill intentions for the beef industry.

“In today’s electronic environment and ease of accessibility to information, less is better for the safety and security of our members,” Weinheimer concluded.

To read the complete set of comments submitted by TCFA, visit <http://tinyurl.com/npdes-elect-rpt-rule>.

Cracking the Code on Food Issues

New consumer trust research conducted by The Center for Food Integrity (CFI) is helping the food system gain a greater understanding of the three groups driving consumer thought on key food issues – moms, millennials and foodies. In a time when scientific consensus is not accepted by consumers, studies such as this new one, called, “Cracking the Code on Food Issues: Insights from Moms, Millennials & Foodies,” can help take information that is complex and controversial and turn it into something meaningful and relevant to the decision-making process of today’s consumer.

The results helped define what shapes the identity of these different groups. Across the board, food issues are of the utmost importance to all three groups, with the foodies, in particular, expressing a higher level of concern about food-related topics than any other segment. The top concerns for all three groups revolved around the rising cost of food and keeping healthy food affordable.

The study revealed an improvement in how consumers view the U.S. food system, with 42 percent saying they believe it is headed in the right direction – an increase from 32 percent last year. The number of respondents who believe the U.S. food system is on the wrong track decreased from 38 percent to 30 percent, with 27 percent who feel unsure about the food system.

The study also discovered that among the three groups, websites are the highest ranked source for food information. The second choice for moms was local television stations, while millennials and foodies preferred friends (not online). To download the full report, visit <http://www.foodintegrity.org/research/2014-research>.

Sen. Roberts Names U.S. Senate Agriculture Committee Staff and Subcommittee Assignments

Senator Pat Roberts (R-Kan.) has named senior staff for the U.S. Senate Agriculture Committee.

Julian Baer, formerly of OFW Law, will serve as senior policy advisor for nutrition. Janae Brady, former lobbyist for the soybean industry, will serve as senior professional staff for trade and food aid. James Glueck, a Canyon, Texas, native, will move from deputy staff director to senior policy advisor for biotechnology, risk management and grain inspection.

Roberts also named his former staffers Darin Guries and Wayne Stoskopf to positions. They will work as senior professional staff for rural development, energy and transportation and professional staff for commodities and crop insurance, respectively. Andrew Vlasaty will serve as senior professional staff for conservation, environment and forestry. No announcement was made on a senior policy advisor for livestock issues.

Learn more about each staff member at <http://tinyurl.com/senate-ag-committee>.

On Wednesday, Sen. Roberts announced the new Subcommittee assignments for the 114th Congress. The full Senate Agriculture Committee has approved the Subcommittee assignments.

“We are lucky to have a wealth of experience in former and current chairs of not only our committee, but others in the Senate, as well as a hearty dose of new blood,” Roberts said. “We have a lot of work to do, not only with legislation but in our robust oversight responsibilities. This posse is saddled up and ready to ride.”

To view the full list of Subcommittee assignments, go to <http://tinyurl.com/roberts-subcommittee-assign>.

Texas Sen. Perry to Chair Senate Committee on Agriculture, Water and Rural Affairs

On Monday, Lt. Governor Dan Patrick chose State Senator Charles Perry (R-Lubbock) to Chair the Senate Committee on Agriculture, Water and Rural Affairs. Perry was also named a member of the Committee on Higher Education, the Committee on Health and Human Services and the Committee on Criminal Justice.

“What a humbling honor to be appointed to a chairmanship my first session in the Texas Senate,” said Sen. Charles Perry. “My position on this committee will ensure a strong voice for the citizens in the 51 counties I represent in rural West Texas.”

“Throughout my time in the Texas Legislature, I have made securing our future water needs a top priority,” continued Perry. “I look forward to working with my fellow Senators to ensure Texas continues to address our water infrastructure so that our state’s future remains strong and our agricultural needs are met.”

Find more information at <http://tinyurl.com/perry-chair-sen-com-awr>.

Activists Sue EPA for Ignoring Petitions on CAFOs

The Environmental Protection Agency (EPA) has been sued by several environmental and animal activist organizations over an unanswered petition filed in 2009 by the Humane Society of the United States (HSUS) requesting EPA to categorize concentrated animal feeding operations (CAFOs) as a source of pollutants under

the Clean Air Act. They are urging EPA to use their authority to set new standards and regulations for facilities going forward to reduce ammonia and hydrogen sulfide emissions and other particulates in the air.

This lawsuit only requires EPA to take action on the petition; it has no influence on the outcome of their decision. EPA is asked to make their final decision within 90 days of Jan. 28 when the lawsuit was filed.

"All we're doing is seeking to compel a response, and then we'll see what that response is and we'll go from there," said Peter Brandt, senior attorney for HSUS.

Plaintiff parties include Environmental Integrity Project, the Center for Food Safety, the HSUS, Clean Wisconsin, Sierra Club, Friends of the Earth, Iowa Citizens for Community Improvement and Association of Irrigated Residents (represented by the Center on Race, Poverty & the Environment).

Think Tank Urges Reconsideration of Reliance on Biofuels

The World Resources Institute has published a new working paper called, "Avoiding Bioenergy Competition for Food Crops and Land," that says if crops such as corn or sugar cane, were used for food rather than for fuel, the world's food needs would be largely met. The paper notes that, "phasing out the use of crop-based biofuels" ... is "a potent strategy for sustainably meeting future food needs."

The report found that turning plant matter into liquid fuel or electricity is so inefficient that the approach is unlikely ever to supply a substantial fraction of global energy demand. It added that continuing to pursue this strategy, which has already led to billions of dollars of investment, is likely to use up massive tracts of fertile land that could be devoted to helping feed the world's growing population.

The authors note that estimates are that food production must rise by 70 percent by 2050, but that "if crop-based biofuels were phased out, the 2050 crop calorie gap would decrease from 70 percent to about 60 percent, a significant step toward a sustainable food future." Find the report at <http://tinyurl.com/elim-biofuels-feed-world>.

Restaurant Burgers Had Banner Year in 2014

Restaurant hamburger sales increased in 2014 overall compared to 2013 sales. The global information company reported 9 billion servings of burgers sold in U.S. restaurants throughout the year, posting a 3 percent improvement on 2013's sales. This increase is supported by NPD Group's SupplyTrack report showing bulk ground beef unit shipments to total food service outlets were up 2 percent, and bulk ground beef case shipments to quick-service restaurants were up 3 percent. Quick-service hamburger restaurants comprise 70 percent of bulk ground beef sales, and that group showed a 4 percent increase over the year.

"The success of burgers in 2014 was a combination of factors," says Bonnie Riggs, NPD's restaurant industry analyst. "Quick-service restaurant chains launched new burger items, casual dining restaurants added more burger items to the menu to offset higher beef costs, and Americans simply love their burgers."

Meanwhile, other sandwiches and competitors were down in their numbers. Overall, sandwich sales declined by 2 percent or 201 million servings. Grilled chicken sandwiches faced the steepest loss of all at 9 percent or 129 million servings. For more information, visit <http://tinyurl.com/banner-year-burger>.

Restaurant Industry Sales Picking Up

Overall restaurant sales are expected to increase by 3.8 percent in 2015, according to the National Restaurant Association. Despite dueling factors influencing consumer behavior such as a desire for convenience driving sales and variable employment levels stalling sales, the outcome is expected to favor the restaurants. Table-service style restaurants are predicted to increase 2.9 percent in sales, and quick-service restaurants are expected to increase 4.3 percent in sales, highlighting the American desire for convenience.

Along with the increase in sales is a predicted increase in employment in the restaurant industry. A projected 14 million jobs are to be created by over one million restaurants. Today, Americans spend nearly half of their total money spent on food in restaurants compared to just 25 percent in 1955. Texas is among the top five states expected to have the most sales growth in 2015, accompanied by Arizona, Florida, North Dakota and Colorado.

TCFA Dues Rebate Criteria and Forms Available

If you fed 10,000 head or more in 2014, you may apply for a dues rebate. The rebate applies to the cumulative number of cattle fed by a single feeding entity. Rebate applications must be completed and returned to the TCFA office by April 15. For more information or to request an application, contact Jason Slane at jason@tcfa.org.

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