



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

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Volume 49, Number 8

February 20, 2015

2015 Dietary Guidelines Advisory Committee Releases Flawed Report

Yesterday afternoon, the U.S. Department of Health and Human Services (HHS) and the U.S. Department of Agriculture (USDA) released the 2015 Dietary Guidelines Advisory Committee's 572-page report, which is a recommendation to the agencies as they develop the 2015 Dietary Guidelines for Americans. At a minimum, the report is inconsistent, and if adopted will lead to conflicting dietary advice.

In the report, the Committee endorsed the Mediterranean style diet – which includes higher levels of red meat consumption than currently consumed in the U.S. However, in the same report, the Committee eliminated lean meat from the list of foods they consider to be part of a healthy dietary pattern. The advisory committee failed to consider much of the most recent gold standard nutritional research, including the BOLD (Beef in an Optimum Lean Diet) report that confirms the vital role of lean beef in a healthy diet.

"Evidence showing the benefits of protein in a healthy diet, especially lean beef, is stronger than ever before," TCFA Chairman Tom McDonald said. "To remove 'lean meat' from the list of foods associated with dietary patterns linked to positive health would reverse 30-plus years of nutrition advice recommending Americans 'go lean with protein.'"

According to NCBA's Dr. Shalene McNeill, Registered Dietitian and Nutrition Scientist, the recommendation that a healthy dietary pattern should be lower in red meat is inconsistent with scientific evidence and is unsound dietary advice. She said, "Lean meat is red meat. Today's beef supply is leaner than ever before with more than 30 cuts of beef recognized as lean by government standards. It is misleading to conclude that a healthy dietary pattern should be lower in red meat."

The report says, "Dietary patterns with positive health benefits are described as high in vegetables, fruit, whole grains, seafood, legumes, and nuts; moderate in low- and non-fat dairy products; lower in red and processed meat; and low in sugar-sweetened foods and beverages and refined grains."

The statement disregards the positive role of lean meat. Dr. Richard Thorpe, Texas medical doctor and cattle producer, said, "It is absurd for the Advisory Committee to suggest that Americans should eat less red meat and focus so heavily on plant-based diets. The American diet is already 70 percent plant based and to further emphasize plant-based diets will continue to have unintended consequences. The Advisory Committee got it wrong in the '80s advising a diet high in carbs, and look at what that got us – an obesity problem. My colleagues and I commonly encourage people to include lean beef more often for their health, not less."

Thorpe added, "We are disappointed the Advisory Committee would go outside the purview and expertise of nutrition/health research to bring in topics such as sustainability. We urge the Secretaries to reject the Advisory Committee's recommendations on topics outside of diet and health."

Lean meat plays an important role in the American diet, and science shows it needs to be recognized as part of a healthy dietary pattern just as it was in the 2010 Dietary Guidelines for Americans.

"It is imperative that we take action on this issue as the Dietary Guidelines are one of the most influential factors affecting consumer food purchases. The negative effect of these exceptionally flawed recommendations could be detrimental to the health of our nation," McDonald said. "Let's rally together and generate a flood of comments urging USDA and HHS to reject the Dietary Guidelines Advisory Committee's unfounded recommendations."

To view the Committee's full report, go to <http://tinyurl.com/dgac-report>. There is a 45-day comment period, unless an extension is granted at the request of NCBA to allow the public to have more time to engage in the process. TCFA and NCBA will draft and submit comments, and members are urged to submit their own at <http://tinyurl.com/dgac-report-submit-comments>. The deadline to submit comments is April 8, 2015.

Once the comment period closes, USDA and HHS staff will review the comments received and continue to work at the staff level and with the Secretaries to accept, modify or reject the report as written. It is expected that the final 2015 Dietary Guidelines will be finalized and published by the end of 2015.

House Approves Permanent Section 179 Extension

On Friday, the U.S. House of Representatives passed H.R. 636 *America's Small Business Tax Relief Act of 2015*. This bill, sponsored by Rep. Pat Tiberi (R-Ohio), will make permanent the \$500,000 expensing levels for small businesses under Section 179 of the tax code. A 50 percent bonus depreciation for the purchase of new capital assets, including farm equipment, is also included in the measure.

Permanency of the tax code is critical for cattlemen in order to make necessary purchasing decisions and informed business decisions. The passage of this bill allows farmers and ranchers to write off capital expenditures in the year that purchases are made, rather than depreciate them over time.

The passage of this bill follows a letter from NCBA, along with 33 other groups, signed and submitted to Speaker of the House, Rep. Boehner, urging the permanency of Section 179 of the tax code.

"Section 179 small business expensing provides agricultural producers with a way to maximize business purchases in years when they have positive cash flow," the letter reads. "Under the expired law the maximum amount that a small business can immediately expense when purchasing business assets instead of depreciating them over time is \$25,000 adjusted for inflation."

Agriculture requires large investments in machinery, equipment and other depreciable assets and the ability to immediately expense capital purchases provides an incentive for farmers and ranchers to invest in their businesses and offers the benefit of reducing the record-keeping burden associated with the depreciation.

"We appreciate Rep. Tiberi's leadership on behalf of small businesses like so many in the cattle industry," said NCBA President Philip Ellis. "We urge the Senate to take up similar legislation and continue working toward a comprehensive tax reform that provides a stable business environment."

To view the letter submitted to Rep. Boehner last week, visit <http://tinyurl.com/support-sect-179>.

Global Demand Projected to Push Ag Trade Forward Through 2024

The USDA *Agricultural Projections to 2024* report outlined detail on global population growth and consumption, as well as import demand. Developing countries are a major factor in determining food demand and population growth, as their demand for agricultural products increases faster than their production.

Middle Eastern and African countries are expected to have the highest population growth over the next decade with Middle Eastern countries growing 1.4 percent annually and African countries growing 2.2 percent annually. These two regions are expected to account for nearly one-fifth of the growth in beef imports.

Other areas are expected to have a significant impact as well. Mexican beef imports are expected to more than double over the next ten years. Overall meat imports to China are expected to increase by 71 percent as well as a 41 percent increase to Hong Kong. For more information, visit <http://tinyurl.com/global-demand-2024>.

New Value Record for U.S. Beef Exports

Export value for U.S. beef set a new record in 2014, posting double-digit gains over the previous year's totals, according to the U.S. Meat Export Federation (USMEF). Beef export value was \$7.13 billion – up 16 percent (and nearly \$1 billion) over the previous record, set in 2013. Export volume also increased 2 percent year-on-year to nearly 2.65 billion pounds, just short of the 2011 record.

"It was an outstanding year for red-meat exports, but headwinds continued to mount late in the year," said USMEF President and CEO Philip Seng. "The West Coast port congestion is extremely troubling, because the delays faced by exporters in December have become even more severe in 2015. If this dispute is not resolved soon, the meat industry will have to win back long-term customers who still want our product but have no choice but to seek alternative suppliers."

The situation is especially critical because Asian markets take a large volume of chilled U.S. beef and pork, valued at more than \$2 billion in 2014. The strength in international demand was shown in 2014, as customers paid record prices for U.S. beef, while still purchasing larger volumes. This is especially noteworthy because U.S. cattle prices were significantly higher than prices in Australia and all other major beef-exporting countries.

Exports continue to generate strong returns for producers, as beef export value per head of fed slaughter averaged a record \$297.68 in 2014, up \$52.72 from the previous year. For the month of December, export value reached \$340.69 per head, up \$61.53 from a year ago.

"These exceptional results illustrate the strength of the international markets," Seng said. "In the past five years, per-head export value has more than doubled for beef producers."

Port Delays Starting to Damage Businesses

Monday of this past week marked the sixth day out of the previous ten that port employees refused to unload ships on the West Coast. The ongoing dispute between the Pacific Maritime Association and the International Longshore and Warehouse Union is becoming a major problem for businesses of all kinds. The White House is sending the Secretary of Labor to help both parties reach an agreement.

U.S. agricultural exports have been reduced by \$1.75 billion per month, according to the Agriculture Transportation Coalition. Losses in U.S. meat and poultry alone are totaling over \$85 million per week, according to the North American Meat Institute. Other industries from retail clothing lines to automobile manufacturers are being heavily impacted as well. Some companies are considering airfreighting their goods or diverting them to the East Coast, but both are expensive options that nearly cancel out potential profits.

“A vessel that used to be unloaded in a 24-hour period is sitting now for sometimes a week and a half, sometimes two weeks,” said Henry Osaki, employee of an Oakland-based trucking company. “It’s not near gridlock; it is gridlock. The movement of cargo has fallen so low it’s close to not moving.”

Trucking drivers responsible for hauling containers of goods away from the ports will wait in line all day to haul one container. During normal business, these same truck drivers will haul off five containers per day.

Rabobank Explores Cow-Calf Confinement to Rebuild Beef Herd

The USDA *Cattle Inventory* report showed that the U.S. has begun the process of rebuilding the cow herd after the drought-stricken years caused many ranchers to sell off large numbers of their herds. Though the economy has called for an expansion in the cow herd, high priced pasture leases and limited grazing acres are important factors that may hinder the progress of this rebuilding process.

Rabobank Food & Agribusiness Senior Analyst Don Close offers an alternative system to ranchers looking to grow their cow herd – confinement or semi-confinement cow-calf production systems. There are now 32 million fewer acres of grazing pasture available than there were 10 years ago. This significant decrease, caused largely by urbanization, row-crop expansion and other factors, limits space available for traditional cow-calf operation conditions meaning that alternative methods must be found.

Close’s analysis covers two different confinement options for raising beef cows. One option involves converting unused pen space in a traditional Southern Plains feedyard for use with cow-calf production; the other involves hoop barns used in the Midwest, providing protection during winter months and allowing for some seasonal grazing options.

Other benefits of using confinement systems include being able to tailor and adjust feeding programs to attain optimal body condition scores throughout the calving cycle, lower stress weaning and exceptional calf health due to controlled pre-natal nutrition. The practicality lies in the fact that these confinement structures already exist and can be converted to accommodate cow-calf production with minimal modification.

“These models will be key to keeping beef a competitive protein in our growing world – and the key to enabling a new generation of beef producers to continue a legacy,” Rabobank concluded.

TVMDL Announces Leadership Changes

Bruce L. Akey, MS, DVM, who filled the interim director position in September 2014, was named the sole finalist for the director of the Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL). He was named the finalist by the Texas A&M University System Board of Regents during the Feb. 12 meeting.

Also effective Feb. 12, Amy K. Swinford, DVM, MS, who has been serving as interim associate director with TVMDL since Jan. 1, 2015, will officially serve in that role for the agency and will represent the agency with relevant professional societies, and interact with industry, government and community officials.

Calling All Junior Cattle Feeders

The start of the 2015 Junior Fed Beef Challenge is just around the corner. Participants will compete for more than \$20,000 in scholarships, cash and prizes in four phases of the event, including carcass merit, record keeping, a written exam and oral presentation or interview. Steers are to be validated March 1 – March 28. Find contest details at <http://tinyurl.com/tcfajfbc>, or contact Jason Slane at (806) 358-3681 or jason@tcfa.org.

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