



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

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Japan, EU Reach Trade Agreement

The European Union announced it reached a trade agreement with Japan that will reduce tariffs on several imported items, including pork and beef products. Under the terms of the pact, about 85 percent of tariff lines concerning EU agricultural food products exported to Japan will be allowed to enter duty-free over time, corresponding to the 87 percent current export value for agricultural products.

Under the pact, tariffs on beef and veal will be cut to 9 percent from 38.5 percent over 15 years with an initial cut to 27.5 percent for a significant volume of beef products. A volume-based safeguard for the Japanese beef industry will function on a model similar to the one agreed to by Japan in the TPP, reports *MeatingPlace.com*. The EU export potential is fully reflected in the size of the safeguard, which will disappear in 15 years if not used over four consecutive years.

“Although the EU is not currently a major beef supplier to Japan, Europe has become a factor in Japan’s imports of tongues and other beef variety meats. Through the agreement with Japan, duties on EU beef variety meats will be slashed initially and phased to zero over the next 11 to 13 years, putting the U.S. at a significant disadvantage,” according to the U.S. Meat Export Federation.

“Duties on chilled/frozen EU beef cuts (currently 38.5 percent) will be initially cut by about 10 percentage points, then phased down to 9 percent over 15 years. Meanwhile, U.S. beef continues to pay a 38.5 percent duty and remains subject to Japan’s quarterly beef safeguards.”

FMCSA Publishes New Guidance on Hours of Service Ag Exemptions

The Federal Motor Carrier Safety Administration (FMCSA) on Thursday posted a new guidance document on their website clarifying the hours of service (HOS) agriculture exemption in relation to the use of an electronic logging device (ELD). Federal regulations provide exceptions from the HOS rules, during planting and harvesting periods as determined by the State, for the transportation of agricultural commodities within a 150-air mile radius from the source of the commodities. The new guidance clarifies that the HOS regulations do not apply to the transportation of agricultural commodities operating completely within the 150-air mile radius. Therefore, time spent driving and working (including loading and unloading) within the 150 air-mile radius does not count toward the driver’s daily and weekly limits, and the driver is also not required to use an ELD. However, the driver must work and drive within the limitations of the HOS rules when operating beyond the 150-air mile radius and must maintain logs using an ELD.

TCFA, NCBA and a coalition of other livestock and trucking groups have been working with the FMCSA and Congress to provide clarity and flexibility for livestock haulers with regard to ELDs rule.

To read the FMCSA guidance, go to <http://tinyurl.com/ybwqtksd>.

Federal Court Denies Request for Rehearing in Emissions Reporting Case

The D.C. Circuit Court of Appeals on Wednesday declined to reconsider its decision which vacated a 2008 rule exempting concentrated animal feeding operations (CAFOs) from reporting their air emissions to federal authorities under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and the Emergency Planning and Community Right-to-Know Act (EPCRA). According to *AgriPulse*, the National Pork Producers Council and the U.S. Poultry & Egg Association petitioned the court for rehearing in June, arguing that the environmental groups that brought the lawsuit lacked standing to pursue their claims.

In its April decision, the court said EPA does not have “carte blanche to ignore the statute whenever it decides the reporting requirements aren’t worth the trouble.” It also rejected EPA’s argument that animal-waste-related release reports did not serve a regulatory purpose because any federal response to notifications would be “impractical and unlikely.”

EPA is expected to ask the court to stay its April 11 decision so the agency can figure out what it will do next. In the meantime, TCFA, NCBA and the other livestock groups are working with Congress to clarify in statute that livestock emissions are not subject to CERCLA and EPCRA reporting requirements.

EPA Proposes RFS Levels for 2018

On Wednesday, EPA issued a proposed rule setting the minimum amount of renewable fuels that must be supplied to the market in calendar year 2018 under the Renewable Fuel Standards (RFS) program. The proposed volume requirements and associated percentage standards maintain renewable fuel volumes at levels comparable to the 2017 standards, recognizing limits to the growth of cellulosic and advanced biofuels.

“Increased fuel security is an important component of the path toward American energy dominance,” said EPA Administrator Scott Pruitt. “We are proposing new volumes consistent with market realities focused on actual production and consumer demand while being cognizant of the challenges that exist in bringing advanced biofuels into the marketplace. Timely implementation provides certainty to American refiners, the agriculture community and broader fuels industry, all of which play an important role in the RFS program.”

The proposed rule maintains conventional, feed-grain based ethanol volumes at the 15-billion gallon target set by Congress. The biomass-based diesel standard for 2019 would be maintained at the 2018 levels of 2.1 billion gallons. The volume requirements for cellulosic and advanced biofuels was set lower than the 2017 levels.

EPA also is beginning technical analysis that will inform a future rule to reset the statutory volumes for cellulosic, advanced and total biofuels. The law requires this reset when certain conditions are met.

In addition, EPA is assessing higher levels of ethanol-free gasoline and soliciting comments on concerns that some RFS obligations are increasingly met with imported fuel.

To read EPA press release, go to <http://tinyurl.com/yc42yc9n>.

Walmart Ups the Beef Ante with Angus Products Nationwide

Walmart Stores Inc. has adjusted its beef offerings to feature Angus beef in its Walmart grocery stores across the nation, according to a report from *Bloomberg News*.

The retailer is focusing on whole-muscle beef, including ribeye steaks that are available at all 4,700 U.S. Walmart stores, the report said. The Angus beef is marketed under the “Verified Angus” brand rather than under the trademarked “Certified Angus” designation, a Walmart executive told *Bloomberg*.

The retailer worked with suppliers like Cargill Inc. and Tyson Foods Inc. to make sure it would have enough steaks and roasts that qualified for the “Angus” designation without requiring higher prices for consumers, the Walmart executive added, according to *MeatingPlace.com*.

TCFA Summer Meeting

TCFA’s Board of Directors and committee members met June 23 in Albuquerque to evaluate progress on committee goals, discuss industry issues and develop policies for consideration at NCBA’s Summer Business meeting July 13-15 in Denver, including animal I.D. and traceability, waters of the U.S. and mandatory price reporting. Featured speaker was U.S. Meat Export Federation Assistant Vice President for International Marketing Greg Hanes, who spoke on U.S. beef exports and recent developments for U.S. beef exports to China. TCFA thanks all members who took time to attend the meetings.

Brazil Ranchers Seek Changes in FMD Vaccination Protocol

In the wake of the U.S. ban on imports of Brazilian beef, ranchers in Brazil are demanding an overhaul of the vaccination program against foot-and-mouth disease (FMD), including suspending it in some parts of the country, to tackle health problems.

The CNPC, a national council of cattle ranchers, asked the government, which oversees the vaccination program, to halve the doses, change the place where vaccines are administered on the animals from muscle to just beneath the skin, and to eliminate a substance called saponin from the vaccines.

Brazil, home to the world’s largest cattle herd, has for decades required ranchers to administer FMD vaccines twice a year to the animals, aiming to eradicate an illness that has in the past prevented its beef from entering valued export markets, *Reuters* reports.

For more, go to <http://tinyurl.com/yd6spxxn>.

Beef Checkoff, Giant Foods Storm Washington, D.C.

In a city where sometimes reaching an agreement on vital issues is hard to accomplish, nearly 100,000 barbecue-loving consumers joined the beef checkoff in our nation’s capital for an event where everyone agreed: Barbecues are fun!

Beef was an official product sponsor in regional Giant stores during the weeks leading up to and including the two-day 25th Annual Giant National Capital Barbecue Battle in the heart of Washington, D.C. recently. Attendees were invited to visit the beef booth for recipes, samples, games, giveaways and more to learn why beef makes every cookout a summertime favorite.

The purchase of official Barbecue Battle products, such as beef, granted consumers a free entry to the event. Thanks to beef's sponsorship of the event, Giant store owners said they saw an increase in beef moved during the promotion.

Market Disruption Changing Beef Trade Flows

"While U.S. exports continue to perform strongly (and have now reached record levels), reduced supply from Australia and New Zealand, along with potential shocks from Brazil and India, could see the balance in the beef market shift back to a supply-limited market."

That's how Angus Gidley-Baird, Rabobank Senior Analyst-Animal Protein, thinks the political upheaval in Brazil, a new trade agreement between the U.S. and China, and proposed bans on slaughter in India will shake out: All involve the major bovine-exporting nations of the world and have the potential to cause material shifts in global trade.

Brazil's meat sector has been rocked by two political events during 2017. In March, the Brazilian federal police investigation into irregularities in meat inspections resulted in most of Brazil's importing countries placing temporary restrictions on Brazilian meat imports (they have since been lifted). In May, Brazil's largest beef processor was caught up in political scandal. Brazilian beef exports dropped by around 10 percent year-over-year in the first five months of 2017, opening space in the global beef market, and the recent drop in cattle prices may lead to a future reduction in production.

In early June, the Indian federal government released a directive that would ban the sale of cattle, including buffalo, in notified livestock markets for non-agricultural purposes—which would include the sale of cattle for slaughter. As India is one of the largest global bovine exporters, any ban on slaughter would have enormous global impact. However, as of now, no further information is available as to how many states would conform to the federal government directive, and when.

Corn Plantings Up Slightly

U.S. farmers have planted more corn than expected and less soybeans, though bean acres reached a record-high, according to the USDA Report.

For corn, the USDA sees U.S. plantings at 90.0 million vs. its March estimate of 89.9 million and 94.0 million a year ago. USDA pegged the U.S. all-wheat plantings at 45.7 million, a new record-low, vs. its March estimate of 46.1 million and 50.1 million last year. For soybeans, USDA estimated U.S. 2017 planting acreage at 88.7 million vs. USDA estimate in March of 89.5 million and last year's acreage of 83.4 million.

To read the full report, go to <http://tinyurl.com/yc8oavqg>

Meanwhile, grain stocks are plentiful, according to USDA's June Grain Stocks Report. June 1 grain inventories were estimated at 5.22 billion bushels, 510 million bushels bigger than 2016. More importantly, bigger stocks are part of a more enduring trend since the recent low scored in 2013 of 2.76 billion bushels. Compared to 2013 mark, June 1 grain stocks have increased 2.46 billion bushels—or nearly doubled in just four years.

To read the USDA report, go to <http://tinyurl.com/ayggzue>

Texas Beef Council Launches Ad Campaign

The Texas Beef Council has launched a new ad campaign as part of the ongoing Beef Loving Texans brand movement aimed at elevating Texans' passion for beef.

The 2017 "Only in Texas" campaign celebrates the nuances, pride and deeply-rooted values only found in this great state. Advertising for the campaign includes radio, billboards and digital television appearing in market for 16 weeks, from May 15 through Labor Day.

Beef Cattle Short Course Features Animal Health Sessions

Fever ticks and trichomoniasis will be on the schedule during the animal health sessions at the Texas A&M Beef Cattle Short Course, Aug. 7-9 at Texas A&M University in College Station.

On August 7, Dr. Andy Schwartz, state veterinarian with the Texas Animal Health Commission, Austin, will give an update on regulatory diseases: tuberculosis, brucellosis and chronic wasting disease as related to exotics, wildlife and cattle. A panel of experts will discuss disease risk and parasite concerns with exotic and domestic livestock. On August 8, Dr. Dwight Wolfe, professor in the Auburn University College of Veterinary Medicine, will discuss bovine trichomoniasis, diagnosis and management. Dr. Peter Wunderlink, veterinary practitioner from Brenham, and Dr. Rob Conley, veterinary practitioner from Vernon, will discuss foot rot. A panel of experts will also be featured.

The afternoon sessions will focus on vector-borne diseases. Topics to be discussed include flies, gnats and ticks, including challenges and changes to the fever tick program.

Registration is \$180 before July 31 and \$220 after. The fee covers all breakfasts, breaks, lunch and the Aug. 7 prime rib dinner. For more information or to register, visit www.beefcattleshortcourse.com or call 979-845-6931.

Beef is Back on the Grill and Sales are Heating Up

As backyard grills fire up this summer, one thing is clear: Americans no longer have a beef with beef prices. Thanks to lower prices, more disposable income and a guarded thumbs-up from the wellness community, meat is now seen by many shoppers and diners as an ingredient in a well-balanced and even trendy diet.

"We're in a much better place now than we were 10 years ago when we had the recession," said Altin Kalo, an economist with Steiner Consulting in Manchester, N.H. The burger is experiencing a comeback, thanks to the rise of the craft version, which has trickled down to the fast-food industry, like McDonald's new Signature Crafted Recipes. Once relegated to backyards on weekends, barbecue has become a movement all its own, complete with dedicated food trucks, citywide festivals and the honorific 'pitmaster.' Meat smoking has become a competitive art form and jerky is on-trend, reports *USA Today*.

To read more, go to <http://tinyurl.com/yc62qang>

Oklahoma State University Launches New Food Safety Mobile App

Robert M. Kerr Food & Agricultural Products Center (FAPC) and Oklahoma State University have developed a new mobile app that offers on the go information at users' fingertips.

The app features articles, videos and training on various food-processing topics and users can receive notifications when new content is added. The FAPC Connect App is available for download from the App Store and Google Play.

To read more about the app, visit <http://tinyurl.com/y9hu34jd>

Sponsor Spotlight

TCFA is proud to recognize its top sponsors whose efforts help deliver top-notch service.

This week's spotlight shines on:



Capitol Land & Livestock is a cattle dealership that buys farm and ranch fresh calves and yearlings in Texas, Oklahoma, Arkansas and Louisiana. Established in 1946 by Eugene Schwertner, Capitol Land & Livestock is now carried on by his son Jim Schwertner and grandson Jimmy Schwertner with the same values and traditions.

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