



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

5501 I-40 WEST

AMARILLO, TEXAS 79106

806 / 358-3681

Volume 43, Number 32

August 7, 2009

The United States Senate, before leaving town for their August recess, passed the FY 2010 Agriculture Appropriations bill (H.R. 2997) by a vote of 80-17. TCFA and NCBA worked hard to secure funding for several important projects and will continue these efforts when a conference committee meets in September to reconcile the differences between the Senate and House versions of the bill.

Some of the Senate bill highlights include:

- \$300,000 for the ongoing feedyard air quality research conducted by West Texas A&M University, Texas A&M University and Kansas State University;
- \$15.764 million for the bovine TB program (\$3 million of which has been earmarked for depopulation indemnity payments);
- \$13.157 million for cattle fever tick control;
- \$76.281 million for USDA-Wildlife Services operations;
- \$200 million for the Market Access Program;
- \$34.5 million for the Foreign Market Development Program; and
- A Sense of the Senate amendment offered by Senator Kay Bailey Hutchison (R-Texas) urging USDA to expedite assistance to farmers and ranchers suffering losses as a result of the 2009 drought.

In other drought-related news, Ag Secretary Tom Vilsack told U.S. Senator John Cornyn (R-Texas) to expect rules for the Supplemental Revenue (SURE) disaster program, which was authorized in the 2008 Farm Bill, to be finalized in September, with enrollments and payments made soon thereafter. Secretary Vilsack's comments were made in response to Senator Cornyn's request that USDA work to expedite the SURE rules in order to provide much needed assistance to the farmers and ranchers in South and Central Texas who are suffering as a result of severe drought conditions. According to some estimates, Texas already has sustained \$3.6 billion in agriculture losses due to the drought, and those losses could exceed \$4.1 billion by the end of the year. Senator Cornyn also urged the Secretary to issue temporary waivers permitting emergency haying and grazing of CRP in drought-affected counties. TCFA appreciates the efforts of Senator Cornyn and Senator Hutchison to provide immediate relief to those producers suffering losses as a result of this terrible drought.

In Its Latest Dairy Herd Retirement Effort, Cooperatives Working Together (CWT) has tentatively accepted 294 bids — totaling 86,710 cows and 1.8 billion lbs. of milk. This latest round of herd retirement is the second largest since the farmer-funded self-help program started in 2003. The previous retirement round completed in July removed a record 101,000 cows and 1.96 billion lbs. of milk.

"These two summer 2009 herd retirements, combined with the USDA's recent price support increases, should result in very positive movement in dairy farmers' milk prices," said Jerry Kozak, President and CEO of National Milk Producers Federation, which administers CWT.

Kozak said, "CWT stands ready to conduct additional herd retirements later this year."

Starting next week, CWT field auditors will begin visiting the farms whose bids were accepted to check milk production records, inspect herds and tag cows for processing. All farmers will be notified no later than August 31 as to whether their bid was among those accepted. Once CWT field auditors inspect and accept the herds offered as part of the bidding process, farmers have 15 days in which to send their animals to a processing plant.

Last week, USDA announced an increase in the amount paid for dairy products through the Dairy Product Price Support Program. The temporary hike, scheduled to last through October, will raise the price paid for nonfat dry milk from 80¢ per lb. to 92¢ per lb., for cheddar blocks from \$1.13 per lb. to \$1.31 per lb., and for cheddar barrels from \$1.10 per lb. to \$1.28 per lb.

EPA Region 6 In Dallas Adopted A New General Permit For CAFOs in New Mexico this week. This permit replaces the original General Permit that was issued by EPA in 1993. TCFA and other ag groups in New Mexico participated in meetings with EPA over the past few years and submitted extensive comments on the draft

permit. Many improvements were made to the final permit as a result of TCFA's comments and discussions with EPA.

Some of the improvements included removing the spills reporting requirement and replacing it with a requirement to document spills and clean-up activity; modifying the infiltration monitoring requirement so that it will be based on a direct hydrological connection to waters of the United States; modifying the permit to require that annual reports be submitted to EPA and NMED on January 31 instead of basing the due date on the NOI submittal date; removing the Water Quality-Based Reduction Plan requirement; and clarifying that for any facility that received authorization under the 1993 CAFO general permit and that also complies with the 90-day NOI time frame, authorization under the 1993 CAFO permit is automatically continued until coverage is granted under the new permit.

The new permit will require feedyards to submit a permit application and detailed nutrient management plan to EPA for review. Following that review, EPA will make the application available for public notice and comment prior to issuing coverage under the permit. EPA proposed to manage this process electronically; however, in the final permit EPA indicated that the option to submit documents electronically has been removed due to unforeseen technical problems.

TCFA continues to work with EPA Region 6 on the General Permit for feedyards in Oklahoma. EPA delegated the permitting authority to TCEQ for Texas feedyards, and a new general permit was adopted recently.

For more information, go to http://www.tcfa.org/Newsletter/epa_general_permit_info_2009-08-07.pdf or contact TCFA Vice President Ben Weinheimer at ben@tcfa.org.

The Tariff On Brazilian Ethanol Will Remain In Place, the Obama Administration has advised U.S. Senator Chuck Grassley (R-Iowa) in a letter signed by Secretary of State Hillary Rodham Clinton and U.S. Trade Rep. Ron Kirk. Grassley responded to the letter by suspending a hold he had placed on Thomas Shannon's nomination to serve as ambassador to Brazil.

Shannon had drawn Grassley's ire with testimony before the Senate Foreign Relations Committee earlier this year, in which he indicated that he believed eliminating the tariff would help U.S.-Brazil relations. The Clinton/Kirk letter assures Grassley that the Obama Administration will keep the tariff in place.

The letter states: "The Obama Administration is committed to developing our domestic biofuels industry in order to reduce U.S. dependence on oil imports and increase our use of renewable energy resources. There has been no change of policy with respect to the U.S. import surcharge of 54¢ per gallon on ethanol. The Administration has no plans to seek changes to the import surcharge."

The Family Farm Preservation and Conservation Estate Tax Act (H.R. 3524) was introduced by U.S. Reps. Mike Thompson (D-Calif.) and John Salazar (D-Colo.) to exempt farm and ranch land from the Death Tax as long as the land stays in production agriculture or is placed in a qualified conservation easement. TCFA and NCBA strongly support this legislation.

Currently, estates valued at more than \$3.5 million for an individual, or \$7 million for a couple, are taxed at a 45% rate. The tax is set to expire for one year in 2010 and then revert back to a staggering 55% tax on estates worth \$1 million or more in 2011, if Congress doesn't act to freeze or reduce the estate tax before then. President Obama has proposed freezing it at the current 45% level so it can be dealt with at a later date.

Past TCFA Chairman Paul Engler Is An Inaugural Member Of The Meat Industry Hall Of Fame. Also representing the TCFA area as an inductee is **Dr. Russell Cross**, a Texas A&M University professor and administrator. The 21 members in the initial class were chosen by the newly formed Hall's board of trustees from among more than 70 executives, researchers, innovators and association leaders across all sectors of the industry. A complete list of inductees is available at

http://www.cattlenetwork.com/bi_Content.asp?ContentID=336387&emc=el&m=458668&l=8&v=1cec4a7f4c

For Engler, this is the second time this year he has been chosen for such an honor. In May, Engler was named an inaugural member of the newly formed Cattle Feeders Hall of Fame.

Has Concentration In The Food Industry Been Harmful To Producers? If so, the evidence to prove a cause-and-effect relationship could not be found by government researchers during a recent study requested by the U.S. Senate Judiciary Committee's Subcommittee on Antitrust, Competition Policy and Consumer Rights. The Government Accountability Office (GAO) examined whether the decreasing share of the consumer food dollar received by producers could be attributed to concentration. In its report to the Subcommittee, GAO said it is difficult to isolate the impact of concentration on commodity and food prices because prices are also influenced by other factors such as shifting consumer demand, new processing and distribution technologies and changes in agricultural and other government policies. In attempting to assess concentration's impact, GAO

"analyzed peer-reviewed, empirical economic literature on the processing segment of the beef, pork and dairy sectors and on the retail sector overall." Based on this literature review, GAO "selected and interviewed experts in the sectors reviewed." Ultimately, GAO concluded: "The empirical economic literature has not established that concentration in the processing segment of the beef, pork, or dairy sectors or the retail sector overall has adversely affected commodity or food prices."

To read the full GAO report, go to <http://www.gao.gov/new.items/d09746r.pdf>.

Meanwhile, USDA And The U.S. Department Of Justice (DOJ) Plan Joint Public Workshops to explore competition issues affecting the agriculture industry and the appropriate role for antitrust and regulatory enforcement in agriculture. These are the first ever joint USDA/DOJ workshops to be held to discuss such issues.

A schedule for the workshops has not been released, but USDA said the first one will be in early 2010. Some of the workshops may be held in Washington, D.C., but USDA said others will be held regionally.

For more information, go to

http://www.usda.gov/wps/portal/lut/p/s.7_0_A/7_0_1OB?contentidonly=true&contentid=2009/08/0368.xml.

The WTO Has Agreed To Investigate China's Complaint Over U.S. Restrictions On Poultry Imports. The international news agency, *AFP*, reports China accused the U.S. of "naked discriminative protectionism." U.S. officials say the restrictions on Chinese poultry shipments are "an objective science-based response" allowed under WTO rules while authorities examine China's food safety system. Meanwhile, the agriculture appropriations bill passed by the U.S. Senate this week calls for allowing chicken imports from China with additional oversight, *Reuters* reports. The Senate bill would require approval of plants in China that wish to export to the U.S., annual inspection of those plants and increased inspection of incoming product at U.S. ports. The Senate legislation will have to be reconciled with the U.S. House version, which maintains the current restrictions on Chinese chicken.

TCFA Was A Winner In The Livestock Publications Council Contest. The 2008 edition of *Cattle Feeders Annual* won first place in the category of Special Issue - more than 100 pages. Contest winners were announced during this week's Agricultural Media Summit in Fort Worth.

Two Cattle Fever Tick Workshops Have Been Scheduled In South Texas to discuss technical and financial assistance available through USDA-NRCS. The workshops will be held Aug. 10 at the International Center for Trade in Eagle Pass and Aug. 11 at the La Salle County Fair Building in Cotulla. Both workshops will begin at 8:30 a.m. and end at 4:30 p.m.

For more information on the workshops, go to http://www.tx.nrcs.usda.gov/news/releases/cattle_tick.html.

Vesicular Stomatitis (VS) Quarantine Ends. Texas animal health officials have lifted a quarantine on a ranch in Starr County, where horses have recovered from the virus. There are no current quarantines or active investigations for VS in Texas, but "some states may continue to enforce enhanced entry requirements or restrictions on Texas livestock until the height of the VS 'season' ends in late fall, when temperatures drop," said Dr. Bob Hillman, Texas' state veterinarian and head of the Texas Animal Health Commission. Hillman urged private veterinary practitioners and livestock owners to check with the states of destination prior to moving animals to ensure all entry requirements are met.

The CattleFax Risk Management Seminar Sept. 22-23 in Denver is an opportunity to learn new ideas for building a risk management plan or refining current strategies. The seminar will teach how to use the CattleFax "Decision Tree," which incorporates Cash, Basis and Futures analysis. Information will also be provided about macro trends and how the structure of the cattle and beef industry is changing. For more information, go to <http://www.cattlefax.com/meetings/seminars/risk-management-seminar/>.

Amarillo is the place to be October 28-30 for the TCFA Annual Convention. The Convention will take place at the Ambassador Hotel and the Amarillo Civic Center. Make sure the TCFA Annual Convention is marked on your calendar and plan to be in Amarillo October 28-30!

Please note: All links are still available at www.tcfa.org under Newsletter links.