



TEXAS CATTLE FEEDERS ASSOCIATION NEWSLETTER

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TCFA Annual Convention Is Just Around the Corner! TCFA members from throughout Cattle Feeding Country are finalizing plans for a trip to Amarillo to be a part of the Convention. Greg Moore has his plans in order. Greg was the 400th member to register and will receive a free registration, which makes his Convention experience that much better.

With Convention less than two weeks away, registration packets containing your name tags and tickets to all events will be mailed to all who pre-registered. Watch your mail closely the next few days and be sure to bring all your registration information with you to Amarillo.

All TCFA members will be able to stay connected with TCFA staff while we are at Convention. To reach staff or anyone attending the Convention, you can call the TCFA Registration Desk at (806) 378-2318. You can also stay connected with the Market Desk by calling (806) 378-2343 or (806) 378-2475.

Are you registered? There's still time. Call TCFA today and register, or log on to <http://www.tcfa.org/convention> and register online. Do you have your room reserved at the Ambassador Hotel? If not, call the Ambassador at (806) 358-6161 and mention the TCFA Convention or log on to <http://www.ambassadoramarillo.com> and use the group name TEXASCAT.

See you in Amarillo!

"The E. Coli Eradication Act" Is The Name Of A Bill that U.S. Senator Kirsten Gillibrand (D-N.Y.) plans to introduce soon. Her legislation will require all plants that process ground beef test their products regularly both before and after it is ground, *Meatingplace.com* reports. If testing discovers contamination, the bill requires the affected batch to be disposed of or cooked to a temperature that destroys the pathogen.

Gillibrand's legislation comes amidst news media focus on beef industry response to E. coli issues. The heightened attention appears to have begun with a front page article in the *New York Times* on Sunday Oct. 4. As reported in last week's *TCFA Newsletter*, the *Times'* article told the tragic story of a young woman left paralyzed after contracting a food-borne illness caused by E. coli.

On Monday of this week, **CNN's "Larry King Live" followed the *Times'* article** with an hour-long program titled "Beef: Safe or Scary?" With a large guest lineup that included the mothers of two children who died of E. coli-related illnesses and a personal injury lawyer who specializes in cases involving food-borne illnesses, there was ample questioning of the beef industry's food safety standards. But a good defense of the industry's safeguards and the importance of beef to proper nutrition was supplied by guests including Patrick Boyle, president and CEO of the American Meat Institute; Dr. Nancy Rodriguez, professor of nutritional sciences at the University of Connecticut; and Dr. Elsa Murano, a professor with the Texas A&M University Department of Nutrition and Food Science.

The industry "has invested tens of millions of dollars over the last 10 years in research programs to make our products safer. And they've shared the results in a non-competitive environment, so we can spread the knowledge throughout the industry," Boyle said.

Boyle also told the audience that the industry has a great deal of sympathy and empathy for those affected by E. coli, but these kinds of tragic illnesses are decreasing in America. "These illnesses are down 60% in the last 10 years," Boyle said. "And the reason for that reduction in E. coli-related illnesses is because the incidence of that pathogen in our beef products has dropped by 45% during that same 10-year period," Boyle added, attributing the progress made to the industry's concerted effort to fight the pathogen.

Interestingly, the personal injury lawyer, Bill Marler, agreed with King when he pointed out that the vast majority of people eat hamburgers without any incident. "Absolutely," said Marler. "The industry has done a very good job."

Boyle said there are two steps available to eliminate E. coli in the ground beef supply. One is through irradiation, which is not widely used. And the other is through proper cooking of the product.

Video from the program can be seen at <http://www.cnn.com/video/#/video/health/2009/10/13/lkl.meat.safety.panel.long.cnn>.

Also, on Thursday, *USA Today's* editorial board criticized the performance of USDA and the beef industry regarding *E. coli* : <http://blogs.usatoday.com/oped/2009/10/debate-on-food-safety-our-view-bacteria-in-ground-beef-takes-an-intolerable-toll.html#more>.

The paper also offered a rebuttal from Ag Secretary Tom Vilsack: <http://blogs.usatoday.com/oped/2009/10/opposing-view-we-must-do-more.html#more>.

As Expected, Mexico Has Made A Formal WTO Complaint Against The U.S. COOL Law. As reported in last week's *TCFA Newsletter*, Canada has asked the WTO for dispute settlement action regarding COOL.

TCFA opposed mandatory COOL from the very beginning and it appears our concerns are coming true. COOL has proven to be an additional cost burden for producers and has led to packer discounts for local feedyards selling foreign-born live cattle – even when the animals spend the vast majority of their lives in the U.S. And there's no disputing that Mexico and Canada have grounds for saying that COOL is a form of protectionism.

TCFA remains worried that COOL will strain relations with Mexico and Canada and lead to retaliation against U.S. beef. Mexico and Canada are the top two export markets for U.S. beef, accounting for 59% of total beef export revenues last year.

Investigating Clean Water Act (CWA) "Enforcement Failures" was the subject of a House Transportation and Infrastructure Committee hearing on Thursday. In a Committee news release, Chairman Jim Oberstar (D-Minn.) cited concerns with the lack of progress by EPA and state agencies in meeting the goals of the CWA.

During the hearing, EPA Administrator Lisa Jackson announced that the agency is stepping up efforts with a "Clean Water Act Enforcement Plan" as the first step in revamping the compliance and enforcement program. As a first priority, the enforcement plan states, "EPA will pursue new strategies to enforce existing rules limiting pollution from concentrated animal feeding operations (CAFOs), especially where they occur in areas close to imperiled waters. CAFOs have become larger and more densely located, placing more stress on waters in proximity to these locations. CAFOs result in a large pollution load to the environment and have been cited as an environmental justice concern in some areas. Where facilities with large numbers of animals are discharging without a permit or in violation of their permits, they can cause significant pollution problems of concern to communities."

Jackson failed to recognize the significant and extensive permitting and enforcement programs that are already in place at the EPA region and state levels. CAFO production areas are required by strict EPA and state regulations to be zero discharge facilities, except in the most extreme circumstances, and CAFO nutrients are required to be land-applied in accordance with nutrient management plans; thus, it is inappropriate and misleading to attribute water pollution issues to highly regulated facilities.

Earlier this year, Chairman Oberstar introduced the "Clean Water Restoration Act" that would remove the word "navigable" from the definition of Waters of the United States and greatly expand the scope and jurisdiction of federal agencies over surface water. As demonstrated by the hearing this week, the EPA lacks understanding and information on current CWA programs implemented over the past 37 years. It makes no sense to expand the scope and definitions of the CWA, especially when the federal government has concerns that the current CWA has not been fully implemented and enforced.

Early Voting Begins Monday On 11 Proposed Amendments To the Texas Constitution. The early voting period continues through Oct. 30 and the formal election day is Nov 3. A complete list and summary of all the amendments can be found at <http://www.tlc.state.tx.us/pubsconamend/analyses09/analyses09.pdf>.

Below are the amendments that TCFA is actively supporting:

Amendment No. 2

The constitutional amendment authorizing the legislature to provide for the ad valorem taxation of a residence homestead solely on the basis of the property's value as a residence homestead.

Analysis of Proposed Amendment

Section 1, Article VIII, Texas Constitution, requires taxation to be equal and uniform and provides that all real and tangible personal property in the state, unless exempt as constitutionally required or permitted, is to be taxed in proportion to its value. The proposed amendment would authorize the legislature, by general law, to provide for the taxation of a residence homestead solely on the basis of its value as a residence

homestead, regardless of whether residential use by the owner is considered to be the highest and best use of the property.

Amendment No. 3

The constitutional amendment providing for uniform standards and procedures for the appraisal of property for ad valorem tax purposes.

Analysis of Proposed Amendment

Section 23(b), Article VIII, Texas Constitution, requires that administrative and judicial enforcement of uniform standards and procedures for the appraisal of property for property tax purposes, as prescribed by general law, originate in the county where the tax is imposed. An exception is that the legislature may provide by general law for political subdivisions with boundaries extending outside the county. The proposed amendment would remove that requirement, as well as the exception. It would instead give the legislature full discretion to prescribe the manner of the enforcement of uniform appraisal standards and procedures.

Amendment No. 4

The constitutional amendment establishing the national research university fund to enable emerging research universities in this state to achieve national prominence as major research universities and transferring the balance of the higher education fund to the national research university fund.

Analysis of Proposed Amendment

The proposed amendment would amend Article VII, Texas Constitution, by adding Section 20 to create the national research university fund, consisting of money transferred or deposited to the credit of the fund and any interest or other return on the investment of fund assets, for the purpose of providing a dedicated, independent, and equitable source of funding to enable emerging state research universities in Texas to achieve national prominence as major research universities. A state university receiving a distribution from the fund would be allowed to use that money only to support and maintain educational and general activities promoting increased research capacity at the university. The proposed amendment would require the legislature to establish eligibility criteria for a state university to share in the distributions from the fund and would provide that a university that becomes eligible remains eligible to receive additional distributions in subsequent state fiscal bienniums. The University of Texas at Austin and Texas A&M University – currently the only nationally recognized, tier-one, public research universities in Texas – would not be eligible to receive money from the fund because of the money they receive from the Permanent University Fund and the Available University Fund.

Amendment No. 5

The constitutional amendment authorizing the legislature to authorize a single board of equalization for two or more adjoining appraisal entities that elect to provide for consolidated equalizations.

Analysis of Proposed Amendment

Section 18(b), Article VIII, Texas Constitution, requires the legislature to provide by law for a single appraisal within each county of all property subject to property taxation by the various taxing units located in that county. That subsection permits the legislature to authorize appraisals outside a county when political subdivisions are situated in more than one county or when two or more counties elect to consolidate appraisal services. Section 18(c), Article VIII, requires the legislature to provide for a single board of equalization for each appraisal entity consisting of qualified residents of the territory appraised by the appraisal entity. The proposed amendment would allow the legislature by general law to authorize a single board of equalization for two or more adjoining appraisal entities that elect to provide for consolidated equalizations.

Amendment No. 11

The constitutional amendment to prohibit the taking, damaging, or destroying of private property for public use unless the action is for the ownership, use, and enjoyment of the property by the State, a political subdivision of the State, the public at large, or entities granted the power of eminent domain under law or for the elimination of urban blight on a particular parcel of property, but not for certain economic development or enhancement of tax revenue purposes, and to limit the legislature's authority to grant the power of eminent domain to an entity.

Analysis of Proposed Amendment

The proposed amendment would amend Section 17, Article I, Texas Constitution, to restrict the taking, damaging, or destroying of a person's property for public use to circumstances in which the taking, damage, or destruction is necessary for the ownership, use, and enjoyment of the property by the State of Texas, a political subdivision of the state, the public at large, or an entity granted the power of eminent domain, or for the elimination of urban blight on a particular parcel of property. The proposed amendment would also specify that in Section 17, Article I, the term "public use" does not include the taking of property for transfer to a private entity for the primary purpose of economic development or enhancement of tax revenues. Effective Jan. 1, 2010, the proposed amendment would limit the legislature's ability to grant the power of eminent domain to an entity by requiring the grant to be approved by two-thirds of all the members elected to each house.

A Call For More Government Oversight Of Competition In The Agriculture Industry is coming from U.S. Senators Russ Feingold (D-Wisc.) and Chuck Grassley (R-Iowa). The senators are offering an amendment to the FY 2010 Commerce-Justice-Science Appropriations bill that would require the Justice Department to expand its oversight efforts. TCFA and NCBA strongly oppose this amendment and urge senators to reject it.

TCFA and NCBA also oppose language in the amendments that calls for Justice to place "an emphasis on asymmetric price transmission from the retail to farm level." When Justice enforces antitrust law in the agriculture business, it should do so according to antitrust doctrine in its entirety; it is inappropriate to place greater emphasis on any one factor than called for under the law.

"The Justice Department already has ample authority to investigate antitrust violations in the agriculture sector," said Colin Woodall, NCBA executive director of legislative affairs. "Expanding these efforts would be a purely political move to redirect their resource-allocation choices. Asymmetric price transmission in agriculture has already undergone thorough review in the private sector; there is no need for a taxpayer-funded version."

The Purchase By JBS Of A Majority Equity Stake In Pilgrim's Pride has received the approval of the U.S. Justice Department and the Federal Trade Commission, the companies announced Thursday. Bankruptcy court approval is still required, but Pilgrim's said that is expected before the end of December.

Previously, a reorganization plan filed by Pilgrim's under Chapter 11 bankruptcy disclosed that JBS will acquire 64% of Pilgrim's new common stock for \$800 million in cash. The total value of the deal is reported to have an enterprise value of \$2.8 billion.

TCFA Is On The Air with two new features: a weekly report covering cattle industry issues and a 30-minute radio special called "Cattle Feeding Country." Both features are broadcast on Amarillo radio station KGNC-710 AM.

"The TCFA Report" will air at approximately 5:55 a.m. every Tuesday morning as part of KGNC's morning agriculture news program. Each week's report will include headlines from the *TCFA Newsletter* and major news that has occurred since the *Newsletter's* most recent edition was published.

"Cattle Feeding Country," which premieres on Sunday, Oct. 18 at 10:30 a.m., offers a broad overview of cattle feeding in the High Plains region. The show is intended to give people outside of the industry a better understanding of what cattle feeding is, the role it plays in making beef more available and affordable for consumers, and how feedyards benefit the local economy. The show will be re-run each Sunday at the same time for a total of six airings.

Guests for "Cattle Feeding Country" include TCFA's 2010 Chairman Mike Engler, Texas AgriLife Extension Area Economist Dr. Steve Amosson, NCBA Executive Director Of Nutrition Research Dr. Shalene McNeill, NCBA Director of New Product Development Steve Wald, TCFA President & CEO Ross Wilson and TCFA Market Director Don Close. The program's host is TCFA Communications Director James Hunt.

At The Annual Meeting Of The United States Animal Health Association this week, TCFA members and staff were well represented. Topics discussed at the meeting included bovine TB, fever ticks, animal identification and brucellosis. Specifically, TCFA staff had discussions with state and federal animal health officials regarding the development of new rules designed to stop the spread of bovine TB. TCFA staff is closely monitoring the situation and working to ensure that the new rules will not place undue burden on feedyards and Mexican feeder cattle.

"Christmas In October For Ethanol" was the *Wall Street Journal* headline for an article examining the recent rebound of the ethanol industry. Improved conditions have ethanol producers ramping up production and

seeking more corn. That, of course, is helping elevate corn prices. TCFA member feedyards have seen the price per bushel climb well above the \$4 mark when basis costs are included.

To read the full article, go to <http://online.wsj.com/article/SB125529595692478941.html>.

Exports Of U.S. Beef And Beef Variety Meats Remain Below Last Year's Pace, USMEF reports. From January through August, exports reached 586,525 metric tons (mt.) valued at \$2.02 billion – declines of 10% and 14%, respectively, in year-to-date comparisons with 2008 figures.

On the good news side, beef exports to Japan are running 22% ahead of last year's volume and have increased in value by 21%. However Japan's market potential continues to be hampered by the 20-month age limit restriction. For South Korea, exports are up 123% in volume and 79% in value. Exports to Vietnam have increased by 28% in volume and 41% in value.

The overall decline in U.S. beef exports is largely attributable to a difficult global market for beef variety meat. January-August exports of U.S. beef variety meat have declined 20% in volume and 37% in value compared to the same period last year, while muscle cut exports have declined by 4% and 8%, respectively.

Another major factor is that the top two destinations for U.S. beef – Mexico and Canada – are performing well below last year's level. Beef exports to Mexico (201,970 mt. valued at \$636.7 million) have fallen below last year's pace by 28% in volume and 35% in value. Exports to Canada (96,676 mt. valued at \$425.8 million) are lower by 12% and 17%, respectively. Partially offsetting these decreases was a 32% increase in beef exports to the combined Asian markets.

For information on exports, go to <http://www.usmef.org/TradeLibrary/files/August%202009%203.pdf>.

Anti-Modern Agriculture Activist Michael Pollan Was Forced To Play Fair during an appearance at California Polytechnic State University. Originally, the school's Sustainable Agriculture Resource Consortium invited the author of "The Omnivore's Dilemma" to give a solo performance before students. But after pressure came from California cattleman David Wood, other beef producers and some Cal Poly alumni, the event was changed to a panel format to allow for a more balanced discussion of conventional agriculture practices. Joining Pollan were Colorado State University meat science professor Gary Smith and Myra Goodman, an organic farmer. Smith argued that a true definition of "sustainable" has to include the ability to sustain sufficient food supply for a hungry world.

Pollan is beginning a tour of campuses around the country. Hopefully similar even-handedness will be required at future presentations.

Hay Hotline: Despite some substantial rain across parts of the state, TDA says many Texas ranchers continue to struggle to feed livestock due to the lingering drought that has cost the state's agriculture industry approximately \$3.6 billion in losses. "The drought has done more than dry up our land and evaporate our reservoirs; it also has destroyed thousands of acres of hay resources for producers," Agriculture Commissioner Todd Staples said.

Staples is encouraging Texas livestock producers to go to the TDA Hay Hotline website, which currently lists more than 450 available hay suppliers. Go to the site at http://www.texasagriculture.gov/agr/program_render/0,1987,1848_5410_0_0,00.html?channelId=5410.

TDA is also working with the Texas trucking industry to provide ranchers with more affordable hay transportation in times of drought and other crises. Producers in need of hay should also contact their local Texas Department of Transportation office for information on baling the right of ways along Texas highways.

New Directions For USDA's Bovine Tuberculosis And Bovine Brucellosis Programs are described in a pair of reports issued by APHIS. The deadline for comments on both reports is Dec. 4.

For more on the bovine tuberculosis report, visit http://www.aphis.usda.gov/newsroom/content/2009/10/tb_cpaper.shtml.

For more on the bovine brucellosis report, go to <http://www.aphis.usda.gov/newsroom/content/2009/10/brucpaper.shtml>.

Please note: All links are still available at <http://www.tcfa.org> under This Week's Newsletter links.