



**National Cattlemen's
Beef Association**



Beltway Beef

VOLUME 1, ISSUE 5

FEB. 10, 2011

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Beltway Beef is a weekly report from Washington, D.C., giving an up-to-date summary of top policy initiatives concerning the cattle industry, direct from the National Cattlemen's Beef Association (NCBA). Please feel free to reprint in full or in part. If you would like to include NCBA's logo, contact us at 303-694-0305.

Cattlemen's Capitol Concerns

Healthy Cattle are the Foundation of Safe, Nutritious Food Supply

Cattle producers' top priority is producing the safest, most nutritious, highest quality and most affordable beef in the world. National Cattlemen's Beef Association (NCBA) Executive Director of Legislative Affairs Kristina Butts said regulations and legislation must be based on sound science, focused on industry application and have a strong research foundation.

"Through our Beef 101 series we've educated elected officials and regulatory personnel about how cattle producers raise healthy cattle, including herd health management tools, preventative medicine and, when necessary, utilizing safe tools, including antibiotics," Butts said. "We were able to pushback on nonscientific legislation to ban the use of proven safe antibiotics in cattle during the last Congress, but we will continue educating elected officials about the technologies cattle producers use."

Additionally, regarding antibiotic use, Dr. Elizabeth Parker, NCBA chief

veterinarian, said the Food and Drug Administration (FDA) issued a draft guidance in June 2010 that would remove all growth promotant use in cattle and hinder appropriate uses for disease prevention. Parker said it is critical that "science rules the day and not politics" and that NCBA is working to ensure cattle producers have every safe and effective tool they need to raise cattle.

The U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) is expected to release a proposed rule on animal disease traceability this spring. Parker said NCBA is a leader on animal identification (ID) and is encouraged by progress being made with APHIS. She added that NCBA will continue working to ensure the proposed program works for producers; achieves disease surveillance goals; and doesn't impose unreasonable costs or unintended consequences on producers.

With regard to nutrition, Butts said NCBA is working to ensure a seamless implementation of USDA's final rule on mandatory nutrition labeling for meat products. Butts also said NCBA is monitoring how the federal government moves forward with 2010 Dietary Guidelines for Americans to ensure that the government accurately portrays the healthy benefits of beef in a well-balanced diet to consumers.

These are just a few of the issues NCBA is aggressively working in Congress, the Federal agencies and internationally to ensure our producers' ability to raise healthy cattle and contribute to food security by supplying plentiful, safe and affordable beef. NCBA will continue to educate congressional leaders, federal officials and the general public about how U.S. ranchers utilize modern technologies to ensure superior herd health management and cattle wellbeing.

NCBA, PLC Support Legislation to Delist the Gray Wolf

The National Cattlemen's Beef Association (NCBA) and the Public Lands Council (PLC) support legislation recently introduced by Senator Orrin Hatch (R-Utah) and Representative Denny Rehberg (R-Mont.) to remove the gray wolf from the endangered species list under the Endangered Species Act (ESA).

The legislation calls for a new management regime for the gray wolf that will empower state and local officials to create and implement recovery plans on a state-by-state basis, thereby bringing relief to

livestock producers experiencing depredation, said NCBA President Bill Donald.

"Currently, agency officials are unable to promptly make on-site visits to confirm kills. In fact, for every confirmed killing of a calf or a sheep, there are likely many that go unconfirmed. Yet reimbursement programs for confirmed kills are being exhausted," Donald said. "Simply put, ranchers are losing livestock and taking massive financial hits."

PLC President John Falen said unlike many species listed under the ESA,

wolves pose a serious threat to wildlife, humans and private property.

"Rather than continuing to allow the federal government to dictate how ranchers manage and care for their livestock, these bills would return authority to the states where it rightly belongs," Falen said. "Wolf depredation threatens ranchers' livelihoods, rural communities and economies relying on a profitable agricultural industry. We appreciate the broad support for the legislation and urge more members of Congress to support these bills as well."

GIPSA Questioned on Failure to Audit Eastern Livestock

During the National Cattlemen's Beef Association's (NCBA) annual convention in Denver, industry experts discussed the future of trading feeder cattle in the aftermath of the bankruptcy of Eastern Livestock. Specifically, on or around Nov. 3, 2010, Eastern Livestock, a company based in New Albany, Ind., that bought and sold cattle across the Mid-South, Midwest, and West, began issuing unfunded checks to cattle producers and livestock market operators. According to USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA), Eastern owes more than \$130 million to 743 sellers in 30 states.

According to John Queen, co-owner of Southeast Livestock Exchange and past president of NCBA, GIPSA "failed" producers. Queen was financially impacted by the Eastern Livestock issue. He said GIPSA's failure to keep records or conduct consistent audits of Eastern Livestock led to serious financial devastation for many producers, truckers and livestock markets. He said the first thing he did when the Eastern Livestock issue unfolded was contact his member of Congress to acquire from GIPSA a five year auditing trail of Eastern. After several arguments, Queen said GIPSA finally reported to the House Agriculture Committee that it did not keep a "two-year" audit trail on anyone. The only proof, Queen said, was a one year annual report.

"Eastern has not been audited in last five years," said Queen. "They were the largest in the country. Where was our regulatory agency? The thing is they won't challenge the big guy but have no problems auditing the small guys. If we are relying on our regulatory agency, as we should, to do its jobs instead of trying to rewrite the 2008 farm bill, we wouldn't be in this mess. They should be conducting audits and if there is a problem, they should post it on the website to protect producers."

There is still a lot of uncertainty regarding any sort of conclusion on this matter. Many who were financially impacted will be forced to liquidate assets to financially recover. NCBA is working with USDA to assist producers impacted. Specifically, NCBA requested USDA provide emergency access to short-term, low interest and/or government-backed loan programs. Former NCBA President Steve Foglesong said NCBA isn't willing to sit on the sidelines as producers go out of business over this issue.



John Queen is a past NCBA President.

NCBA Weighs in to Urge Administration to Make Trade a Priority

The House Committee on Ways and Means on Wed., Feb. 9, 2011, held a hearing regarding President Obama's trade policy agenda. Expanding trade opportunities for U.S. beef is a priority for the National Cattlemen's Beef Association (NCBA). As such, NCBA urges immediate implementation of the U.S.-Korea Free Trade Agreement (KORUS FTA) and ratification of pending agreements with Panama and Colombia; and also encourages the administration to work to expand U.S. beef exports with China and Japan. Additionally, NCBA urges the administration to resolve the ongoing trade dispute with Mexico over allowing foreign trucks onto roads in the United States.

"Less than five percent of the world's consumers live in the United States, which means exporting beef is critical to a prosperous future of the U.S. beef industry," Kent Bacus, NCBA manager of legislative affairs said. "Make no mistake; NCBA fully supports immediate implementation of the KORUS FTA. The best way to gain more access to Korean consumers is to eliminate the 40 percent tariff currently in place. That means we would see \$15 million in tariff benefits for beef in the first year of the agreement alone and about

\$325 million in tariff reductions annually once fully implemented. This agreement is the most significant bilateral trade agreement in history for the U.S. beef industry and it could set the benchmark for trade with other countries, including China and Japan."

NCBA also supports immediate passage of the U.S.-Colombia Trade Promotion Agreement (CTPA) and the Panama Free Trade Agreement. The 80 percent tariff on U.S. beef in Colombia and 30 percent tariff on U.S. beef in Panama would be eliminated with passage of these agreements. According to NCBA, if Congress approves these agreements, the U.S. will ultimately have free trade for U.S. beef with approximately two-thirds of the population in the Western Hemisphere.

NCBA is pleased the U.S. Department of Transportation has taken the first step toward resolving the ongoing trade dispute with Mexico over allowing foreign truckers onto roads in the United States. However, NCBA reminds the Obama administration it cannot afford to put this problem on the back burner and needs to resolve this issue to restore the trade relationship between the United States and Mexico.

New on the Web

Check out the [Beltway Beef blog](#) for inside coverage of the 2011 Cattle Industry Convention and NCBA Trade Show; an in-depth review of the recently passed tax relief legislation; cattle prices; and more. You can also follow us on [Twitter](#), be a fan of us on [Facebook](#),

check out our latest photos on [Flickr](#) or watch video updates on our [YouTube](#) page. For audio, visit and subscribe to the Beltway Beef [Podcast](#). You can also subscribe to our [podcast](#) on iTunes.

Global Demand Begg the Question: Where's the Beef?



*Gregg Doud is
NCBA Chief
Economist.*

The issue of international trade has been in the news a lot lately – as it should if you're involved in U.S. agriculture because 96 percent of our potential customers live outside the United States. There's no doubt that cattle prices are being driven by booming U.S. beef exports, and they're on track to break records again in 2011. Demand is not just strong; it's really strong. In fact, it is not unreasonable to expect a 10 percent growth in beef exports this year. However, in order to get there, it is high time President Obama lives up to his optimistic but achievable goal of doubling U.S. exports in five years. He made this commitment during his 2010 State of the Union Address – so there is much work to be done during the next four years.

If President Obama wants to expand exports, we must get the pending free trade agreements off the shelf and through Congress. The agreements with Columbia and Panama have been collecting dust ever since they were signed more than four years ago. It is beyond go time. Congressional leaders are putting pressure on President Obama to stop any further unnecessary and baseless negotiation on these already negotiated trade agreements. We applaud the Obama administration for finalizing the pact with Korea (KORUS), and we hope Congress votes on this monumental agreement as soon as possible. When KORUS is implemented, our competitive advantage will be secured. But if we continue to drag our feet, our competitors will



undoubtedly beat us to the punch. The KORUS pact will phase out tariffs on U.S. beef over the next 15 years and will make U.S. beef a more affordable and appealing choice for our valued Korean customers.

When we think of global demand, we have to think of supplies as well. At the same time that cow herds continue to shrink in almost all countries in the world, demand

continues to intensify. You have Australia recovering from devastating floods; South Korea battling foot and mouth disease; fears of food security in North Africa and the Middle East; and the list goes on. When you take these issues and couple them with the likelihood of passing the KORUS agreement, we are looking at demand we haven't seen in years. We could also see significantly more than a 10

percent increase in exports if we could ever get access to China and resume sending beef from cattle 30 months of age to Japan. Thinking longer term, we also have to consider the growing per capita incomes and global population and the impact of other trade deals as well, such as a World Trade Organization agreement and the Trans-Pacific Partnership initiative.

Cattle producers need to think beyond the current prices for live cattle and think long term. Think about where demand is heading. Look beyond the borders of the United States. Now is the time to retain heifers and rebuild what has now become the smallest U.S. cowherd in the last 50 years. In order to meet increasing demand, we have to have the beef.

Your NCBA

Leaders within the beef industry were recognized for their efforts and contributions during the 2011 Cattle Industry Convention and NCBA Trade Show in Denver. Dr. J.J. Goicochea, a veterinarian and cattle producer from Eureka, Nev. and president-elect of the Nevada Cattlemen's Association was honored as the recipient of the Max Deets Leadership Award.

Ten outstanding students pursuing careers in the beef industry were also honored during the Best of Beef awards ceremony as recipients of the Chicago Mercantile Exchange Group Beef Industry Scholarships. The purpose of the program, which is coordinated by the National Cattlemen's Foundation, is to identify and encourage talented and thoughtful students who will emerge as industry leaders. Megan Blythe, a student at Kansas State University, was the top winner and in addition to the scholarship, received a paid trip to the Cattle Industry Convention where she attended the Best of Beef awards ceremony. Other scholarship recipients were Elizabeth Oliver, Michigan State University; Allison Blythe, Kansas State University; Ira Parsons, Allen County Community College/Kansas State University; Kassie Curran, Kansas State University; Ellen Hoffschneider, University of Nebraska; Daniel McFarland, Caddo Parish Magnet High School; Kurtis Clawson, Kansas State University; Kate Daley, California State University; and JanLee Rowlett, Oklahoma State University.

CattleFax Update

Beef industry economists reported on the 2011 beef industry outlook during the Cattle Industry Convention in Denver. Brett Stuart, CattleFax market analyst, said global beef demand is increasing alongside tighter world beef supplies.

A major contributing factor to increasing demand comes from outside the borders of the United States. Stuart said beef exports are witnessing substantial growth with 75 percent of all U.S. beef exports going to Mexico, Canada, South Korea, Japan and Vietnam. He suggested an 8 percent to 10 percent increase in U.S. beef exports in 2011 compared to last year.

Kevin Good, market analyst for CattleFax, said 2011 will be another year of tighter supplies and a "very mild" cow herd reduction. He projected the early half of the year will bring continued reduction but suggested the decline will simmer in the latter half of 2011.

The industry experts offered a sense of cautious optimism. Basically, supplies are tight, global demand is up, live cattle prices are good for U.S. cattlemen and women, and 2011 will be the year of stabilizing the cowherd.

Don't Miss Out on NCBA's Cattlemen to Cattlemen!

Don't miss NCBA's *Cattlemen to Cattlemen* Feb. 8-12, 2011. Viewers will learn more about 2011 NCBA President and Melville, Mont., rancher Bill Donald. In addition, viewers will also hear from Karl Rove, former advisor and deputy chief of staff for President George W. Bush, about issues facing cattlemen in 2011. [Click here](#) to watch a preview of this week's show.

NCBA's *Cattlemen to Cattlemen* debuts each Tuesday at 8:30 p.m. The show also airs Wednesday at 10:30 a.m. and on Saturday at 9 a.m. (all times are Eastern). Don't forget that you can also [watch NCBA's Cattlemen to Cattlemen online](#) anytime by visiting our website. Follow us on [Twitter](#) and become a fan on [Facebook](#).



Your NCBA

NCBA recognized three communications professionals for their work in 2010 advocating for the U.S. beef industry. Specifically, NCBA awarded Jamie King, Ohio Cattlemen's Association (OCA) communications director, and Eric Grant, manager of Angus Publications, Inc., with the Excellence in Communications and Public Relations award and Ron Hays with the Radio Oklahoma Network with the Excellence in Agricultural Journalism award.

Couser Cattle Company, owned by Bill and Nancy Couser of Nevada, Iowa, was the national winner of the National Cattlemen's Foundation Environmental Stewardship Award. Through the years, Bill Couser has actively partnered with environmental agencies and universities to use his farm for a number of sustainability-related research and pilot projects.

Mike Milicevic and John Ligo were recognized as the winners of the 2011 Beef Quality Assurance (BQA) Award. Milicevic operates Lykes Bros. Inc., out of Okeechobee, Fla., Association. Milicevic believes BQA practices should be considered a model for the rest of the world and can be considered a long-term solution to sustainable livestock production. Ligo said quality assurance is about utilizing resources efficiently to produce a wholesome product in an environmentally responsible manner. His operation, LiTerra Farm, is located in Grove City, Penn.

Nominations are being accepted for the Beef Improvement Federation Commercial and Seedstock Producer of the Year Awards.

Nominations are due on April 1, 2011. Each year the Beef Improvement Federation recognizes the top commercial and seedstock producers of the year at their annual convention. Nominations are accepted from BIF membership organizations only. If you know of an outstanding commercial or seedstock producer, contact your local Beef Cattle Improvement Association or Breed Association.

Visit www.beefimprovement.org for more information regarding this opportunity.



National Cattlemen's Beef Association

The National Cattlemen's Beef Association (NCBA) has represented America's cattle producers since 1898, preserving the heritage and strength of the industry through education and public policy. As the largest association of cattle producers, NCBA works to create new markets and increase demand for beef. Efforts are made possible through membership contributions. To join, contact NCBA at 1-866-BEEF-USA or membership@beef.org.