



**National Cattlemen's  
Beef Association**



# Beltway Beef

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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 Trade Remains High Priority Issue in Congress**

Cattlemen support open markets, level playing fields and science-based standards in international trade. Kent Bacus, National Cattlemen's Beef Association (NCBA) manager of legislative affairs, said 27 U.S. senators, led by Senator Mike Johanns (R-Neb.), weighed in with the administration regarding Japan's interest in joining the Trans-Pacific Partnership negotiations. Specifically, the senators noted the importance of expanding market access. However, they also referred to the history of the U.S., Japan trade relationship and reminded the administration about the importance of science-based trade standards.

Japan closed its market to U.S. beef in December of 2003, after the discovery of a Canadian-born cow

infected with *bovine spongiform encephalopathy* (BSE) in the United States. At that time, Japan was the largest export market for U.S. beef, valued at \$1.4 billion. Since then, Japan has had restrictions in place on U.S. beef imports and currently only allows imports of beef from cattle 20 months and younger.

*"Our beef is safe. It has been scientifically proven to be safe. It meets international health standards."  
-U.S. Trade Representative Ron Kirk*

"We write to express reservations regarding Japan's inclusion in these negotiations until certain conditions are met," the senators penned. "In addition to prohibitively high tariffs on many agricultural goods, Japan has discriminated against U.S. beef imports with restrictions that are inconsistent with international

standards and not based on scientific criteria." Bacus said the U.S. hasn't taken this lightly. The United States has multiple safeguards in place that have prevented BSE from taking hold in our country. The trade barriers Japan has in place on U.S. beef appear to be motivated by something other than science, according to Bacus.

During a Senate Finance Committee hearing, U.S. Trade Representative Ron Kirk explained the administration's position on this issue.

"Our beef is safe. It has been scientifically proven to be safe. It meets international health standards," Kirk said. "Our goal in any case – whether it's China, Taiwan, or Japan – is to have them comply with those international standards."

## **Recommended Change to CME Feeder Index Reflects Realities**

During its recent convention, members of the National Cattlemen's Beef Association (NCBA) passed policy relating to weight specifications of the CME feeder cattle futures contract. In order to improve the capability of the CME feeder cattle futures contract as a risk management tool relating to cattle placements in feedlots, NCBA President Bill Donald said NCBA supports removing the 650-699 pound category from the calculation of the CME Feeder Cattle Futures Index. Donald said the inclusion of an 850-899 pound category makes sense in the current marketplace.

"The realities of the marketplace vary year to year and as a producer, I

respond to those changes," Donald said. "The intent is to adjust the index in order to more accurately reflect the realities of the marketplace."

Donald, who is a Montana rancher, said that unsubstantiated claims that the modification to the index would break the feeder cattle market and cause direct financial harm to cattle producers who market feeder cattle are "bizarre." Insinuating that the removal of the 650-699 pound category would transfer "millions or even billions" of dollars away from feeder cattle producers to packers and their cattle feeding operations is careless and inaccurate, according to Donald.

NCBA Vice President J.D. Alexander,

owner of an independent feedlot in Pilger, Neb., knows firsthand that most cattle aren't entering the feedlots until they reach the 800 pounds or more.

"I haven't placed a steer in my feedlot under 800 pounds for five years," said Alexander. "It is no different than changing the specifications on live cattle contracts to reflect the current actual weights being sold, which is around 1,400 pounds. This doesn't affect the profitability of packers or feedlots and isn't going to negatively impact cow-calf producers. It simply reflects realities, which translates into improved accuracy when managing risk for all of us in the industry."

## NCBA Encouraged by US, Mexico Deal to Resolve Trucking Dispute

The National Cattlemen's Beef Association (NCBA) has been a staunch supporter of resolving the ongoing trade dispute between the United States and Mexico regarding allowing Mexico's trucks onto U.S. roadways. Over the past two years, the Mexican government has levied \$2.6 billion worth of retaliatory tariffs on U.S. farmers and manufacturers. NCBA Manager of Legislative Affairs Kent Bacus said the dispute needs to be resolved before U.S. beef joins the ranks of other U.S. commodities that are hit with tariffs.

"The trucking provisions in the North American Free Trade Agreement (NAFTA) were agreed to by both the United States and Mexico. In order to maintain our critical trade relationship with Mexico, one of our largest export markets, this issue needs to be resolved," Bacus said. "Earlier this year, the U.S. Department of Transportation (U.S. DOT) released a plan to resolve this issue, and now the presidents of both countries have agreed upon a framework to end this trade dispute once and for all."

Under the agreed upon framework, Mexico would lift half of its retaliatory tariffs immediately upon establishment of a pilot program

that allows Mexico's trucks, that comply with safety standards established by the U.S. DOT, to operate in the United States. The remaining Mexican tariffs would be lifted when the first Mexican truck is authorized to drive on U.S. roads. The proposed agreement should be available for congressional briefings and public notice and comment by late March or early April. The U.S. DOT will respond to all comments it receives and then work with Mexico to finalize an agreement.

"Under NAFTA, Mexico eliminated its tariffs on U.S. beef imports. That gave the United States a competitive advantage in the Mexican market and was a major driving factor behind the \$918 million of U.S. beef exports to Mexico last year. However, if U.S. beef imports are added to the list of tariffed commodities, we will lose market share that would be difficult to regain," Bacus said. "NCBA is encouraged by the movement between both countries to resolve this trade dispute. We are hopeful this issue will be resolved soon to avoid jeopardizing our countries' important trade relationship."

### Legislative Watch

#### S. 248 / H.R. 910 - Energy Tax Prevention Act of 2011

Amends the Clean Air Act to prohibit the Administrator of the Environmental Protection Agency from promulgating any regulation concerning, taking action relating to, or taking into consideration the emission of a greenhouse gas to address climate change, and for other purposes.

NCBA urges a **YES** vote on S. 248 / H.R. 910

Key Sponsors: Sen. James Inhofe (R-Okla.), Rep. Fred Upton (R-Mich.)

#### S.520 – To repeal the Volumetric Ethanol Excise Tax Credit

NCBA urges a **YES** vote on S. 520

Key Sponsors: Sens. Tom Coburn (R-Okla.) and Ben Cardin (D-Md.)

#### H.R.965 – Preservation of Antibiotics for Medical Treatment Act of 2011

Would stop veterinarians and producers from preventing disease in livestock, which would ultimately harm animal welfare, animal health, food safety, and food security. Prevention of disease is a cornerstone in both human and animal medicine. Taking away this tool undermines preventative medicine, and healthy animals are the foundation of a safe food supply.

NCBA urges a **NO** vote on H.R. 965

Key Sponsor: Rep. Louise Slaughter (R-NY)

#### S. 407 / H.R. 758 – National Monument Designation Transparency and Accountability Act

Requires the administration to seek congressional approval before designating future national monuments. This oversight is intended to ensure that the impacts on the local economy, ranching, national energy security, and other uses associated with the land, are taken into consideration before a designation takes effect.

NCBA urges a **YES** vote on S. 407 / H.R. 758

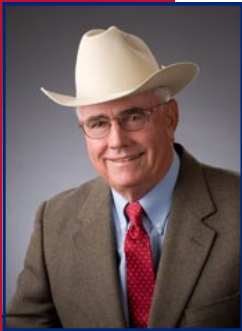
Key Sponsors: Sen. Mike Crapo (R-Idaho), Rep. Devin Nunes (R-Calif.)

### New on the Web

Check out the [Beltway Beef blog](#) for inside perspectives on issues affecting U.S. cattlemen and women. This week's features include an update on the administration's "Wild Lands" secretarial order 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.

## Texas Cattlemen Press US Trade Representative to Expand Trade



*David Scott of Richmond, Texas, operates G.D. Scott Cattle Co. and is president of the Texas and Southwestern Cattle Raisers Association.*

I recently had the opportunity to sit down with U.S. Trade Representative Ron Kirk to discuss international trade policy at a roundtable discussion here in Texas. The event was well attended by producers who grow beef, pork, wheat, peanuts and just about every other commodity produced in Texas. We were all there for the same reason - to urge the administration to get the ball rolling on pending free trade agreements.

As beef producers we all know how important free and fair trade agreements are to our industry and our

stable through good times and bad largely in part because people, both at home and overseas, want beef on their dinner tables.

Regaining broader access to markets in South Korea, Colombia and Panama alone will increase exports by nearly \$3 billion. According to the U.S. International Trade Commission, the implementation of pending trade agreements would increase all U.S. exports to these three countries by at least \$13 billion and add \$10 billion to the United State's

Gross Domestic Product. Additionally, exports of U.S. goods generate more than 8,000 U.S. jobs for every billion dollars shipped overseas. It's simple - more trade means more jobs and that is a fact the Obama administration can't ignore.

With the demand for beef rising, it is crucial that American beef producers have a seat at the international table. The administration needs to aggressively pursue expanding

market opportunities in other countries. Our global competitors are already in the final steps of negotiating free trade agreements with other markets. If we don't beat these countries to the punch, U.S. producers will be at a severe disadvantage.

While it is crucial we pursue new export opportunities, it is just as important to maintain good relationships with our current trade partners like Mexico. Mexico is the largest consumer of U.S. beef outside the United States. Our trade relationship with Mexico is already on shaky ground because

of Country of Origin Labeling. We cannot allow this relationship to become even more strained by not resolving the cross-border trucking issue. Cattlemen are concerned that the administration has not made resolving this issue a top priority. Not resolving this issue quickly has already resulted in retaliatory tariffs placed on U.S. goods by Mexico. Thankfully, U.S. beef has not been on the receiving end of these tariffs, but without action, beef could be next on the list.

Maintaining our current trade relationships, ratifying pending agreements and expanding new market opportunities all

lead to more American jobs and a more prosperous nation. While we are grateful for the opportunity to sit down with Ambassador Kirk and discuss our concerns, I am not confident that the Obama administration is taking a strong enough stance to ensure the continued vitality of agricultural trade.



*From left to right: U.S. Trade Representative Ron Kirk, Texas Cattle Feeders Association Government Relations Director Josh Winegarner and Texas and Southwestern Cattle Raisers President David Scott*

## Your NCBA

NCBA Chief Economist Gregg Doud recently announced he is leaving NCBA after more than eight years of service to take a position on the U.S. Senate Agriculture Committee. Gregg will be serving under Ranking Republican Member Pat Roberts from Kansas. As senior professional staff, Gregg will be covering livestock, trade, the Commodity Futures Trading Commission, food aid and dairy policy for the committee. Additionally, he will be instrumental in writing the 2012 Farm Bill. Please join us in wishing Gregg the very best as he pursues this new opportunity.

## CattleFax Update

The fed cattle market was quoted \$1 to \$2 higher this week as cattle in the South sold for \$112 to \$113 while sales in the north occurred at mostly \$112 to \$113 live and \$180 to \$182 dressed. Trade volumes were active nationwide on good buyer interest. Boxed beef prices firmed as well in a moderate trade, as asking prices from sellers stay stout in light of the higher fed cattle prices. Feeder cattle were even to \$2 softer for the week while calves were mostly steady to \$3 better. The largest price increases on calves occurred in the Southeast. Slaughter cows were mixed this week. Demand is beginning to slow on feeder cattle with higher priced corn, cattle suitable for grazing find excellent demand. Corn worked higher in concert with higher crude oil prices and continued concerns about how much corn remains in the bins before new crop becomes available.

For recent market news and analysis, visit [www.CattleFax.com](http://www.CattleFax.com).

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

Don't miss NCBA's *Cattlemen to Cattlemen*, March 15-19. Viewers will learn what one Oklahoma stocker operation is doing to prevent bovine respiratory disease. Plus, we will catch up with first recipient of the W.D. Farr Scholarship Award and learn more about his contribution to the beef industry.

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](#).



## 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](mailto:membership@beef.org).*