



R-CALF
USA

P.O. Box 30715
Billings, MT 59107
Phone: 406-252-2516
Fax: 406-252-3176
E-mail: r-calfusa@r-calfusa.com
Website: www.rcalf.com

DIRECTORS

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Columbus, MT

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January 14, 2004

President George W. Bush
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20500

The Honorable Ann Veneman
Secretary
United States Department of Agriculture
1400 Independence Avenue SW
Washington, D.C. 20250

Re: **Mouthing Rule – Segregation of Cattle 30 Months or Older**

Dear President Bush and Secretary Veneman:

On behalf of nearly 9,000 individual cattle producing members and 55 state and local cattle association affiliates representing thousands more cattle producers, R-CALF USA has concerns about the recently enacted BSE rule concerning specified risk materials in cattle over 30 months in age 69 *Fed. Reg.* 1861 (USDA, FSIS, Jan. 12, 2004). Under the USDA's rule, certain tissue of animals over 30 months in age have been reclassified as inedible. Under the USDA's policy, meatpackers will determine age based on an examination of the dentition of the animals to determine whether there are at least one of the second set of permanent incisors erupting in the mouth ("Mouthing Rule").

Presently, there is no evidence of BSE in native U.S. cattle. The Holstein cow found to have BSE last month was confirmed to originate in Alberta, Canada. Indeed, today the World Organization of Animal Health (OIE) removed the United States from the list of countries with native-born cases of BSE this week. As such this is **NOT a North American problem – this is a Canadian problem.** R-CALF USA believes the interim rule is overly broad and discriminates against the U.S. producer rather than targeting the source of any possible BSE contamination.

R-CALF USA firmly believes in the security and safety of the American domestic cattle supply. R-CALF USA fully supports USDA when it says the American beef supply is safe. R-CALF USA supports USDA's efforts to reopen U.S. export markets, and reassure our trading partners that "U.S. beef" is safe. R-CALF USA

also generally supports USDA in its efforts to increase the confidence of American consumers in our beef supply. However, when one realizes that the

source of the BSE contamination was an imported cow and not native production, USDA's "Mouthing Rule" is placing a horrific burden on U.S. producers without offering any substantial benefit to the consuming public, or any long term benefits to the U.S. live cattle industry. The economic consequences of this rule are however clearly significant and far-reaching. To implement such an extraordinary and broad rule without first soliciting industry input, public hearings, and a thorough cost benefit analysis is disconcerting.

R-CALF USA members have been receiving letters from certain meatpackers indicating that they intend to deduct 15¢ per pound per head for any animal, whatever the origin, who is determined to be over 30 months of age pursuant to the "Mouthing Rule". The implementation of this rule is devaluing a group of cattle (i.e., heiferettes), that previously returned a premium over their current class (i.e., cull cows). This reclassification will result in significant losses both for the cow-calf producers as well as for the feedlot sector. While the data allowing for the quantification of this enormous loss will be available in the ensuing weeks as the market reacts to the "Mouthing Rule", R-CALF USA would note that after implementing a similar rule, cattle in Canada with more than two teeth are being sold for a **TOTAL PRICE** of 8¢ to 20¢ Canadian per pound live weight. USDA's current rule is too broad, and the agency should not sit idly by while the whole market for this subset of cattle slips in the U.S..

While we will address this rule in more detail later, R-CALF USA has two immediate proposals for USDA's consideration:

1. The "Mouthing Rule" be applied only to cattle imported into the U.S. from countries that are classified as not BSE free because BSE is not native to the U.S. cattle herd. Such an action would strengthen domestic and international consumer confidence in the U.S. beef supply, as USDA intends, while also limiting the burdens placed on the cattle and beef industries.
2. R-CALF USA believes there are other equally effective, yet less burdensome methods to address USDA's concerns. USDA should immediately call for nation-wide public field hearings to gain industry input regarding the rule regarding specified risk materials from cattle over 30 months, and to ascertain the financial burdens placed on U.S. live cattle producers. Alternative approaches to strengthening international and domestic consumer confidence in "U.S. beef" should be examined.

Thank you for your immediate consideration of this important request.

Kindest regards,



Leo McDonnell
President
R-CALF USA