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July 17, 2006

The Honorable Bob Goodlatte
Chairman, House Agriculture Committee
U.S. House of Representatives
Longworth House Office Building, Room 1301
Washington, DC 20515

Dear Mr. Chairman:

On behalf of the thousands of cattle-producing members of R-CALF USA, I am writing to bring to your attention two important new developments in U.S. trade policy and health risks to the U.S. cattle herd. On July 13, the Canadian government confirmed its fourth positive case of bovine spongiform encephalopathy (BSE) detected this year, the eighth case of BSE in a Canadian animal overall. This latest case occurred in a 50-month-old cow born well after 1997 when Canada implemented its feed ban. Also this month, the USDA sent proposed amendments to U.S. import standards related to BSE to the Office of Management and Budget for review. USDA had previously announced it would seek to liberalize import standards to allow cattle, and beef from cattle, over 30 months of age from Canada to be imported into the U.S. The OMB review is the first step towards publishing the proposed rule for comment later this year.

R-CALF USA is deeply concerned that USDA's proposal to lower import standards related to BSE – particularly in light of problems with BSE in the Canadian herd that appear more serious than originally assumed by USDA – will serve to further undermine the competitiveness of U.S. cattle producers. Instead, USDA needs to put its newest proposal on hold and rescind its previous action pending a more thorough evaluation of Canada's BSE problem to ensure that U.S. standards are sufficient to address the risks posed by imports of Canadian cattle and beef. U.S. cattle producers already face serious obstacles in markets both at home and abroad, and now is not the time to make those problems worse by creating further imbalance in our trading standards.

I was grateful for your June 21, 2006 remarks on U.S.-Japan beef trade, in which you noted, "The U.S. works exhaustively to ensure that we have safeguards in place to protect all consumers of U.S. beef and we believe the Japanese consumer should be given the right to choose instead of their government making the decision for them." R-CALF USA agrees that consumers both at home and abroad must be able to exercise their right to make a choice when they buy beef, and that, given that choice, consumers will select safe, high-quality U.S. beef. Unfortunately, the Japanese government is not the only one restricting consumers' ability to choose U.S. beef. In fact, there are a number of policy approaches that the U.S. itself has taken that have hampered the ability of U.S. cattle producers to compete, and they require urgent reform:

- 1) U.S. import standards for cattle and beef are already lower than the standards our own exports must meet in many other countries – lowering U.S. standards even further, as USDA plans to propose, will exacerbate this imbalance;
- 2) The U.S. grants expanded access to our market for imports of cattle and beef before our access to lost export markets is fully restored, enabling important export customers to drag their feet on market access as imports gain a growing share of the U.S. market; and
- 3) Imported meat, and meat from imported animals, is commingled with U.S. beef, and thus consumers both at home and abroad are unable to clearly differentiate U.S. product.

Our trading partners cite these policies in their refusal to re-open their markets to U.S. beef. For example, South Korea recently announced it would not resume imports of U.S. beef until it was assured that it would not be commingled with Canadian product. These policies severely undercut U.S. cattle producers. U.S. cattle producers live up to the highest health and safety standards at home, but we cannot market our product based on compliance with these standards when consumers in the U.S. and overseas cannot distinguish our U.S. beef from foreign product.

We believe that U.S. cattle producers can thrive if we are allowed to compete in an open market where our import standards are upwardly harmonized with the rest of the world's, where market access is granted in an equitable and reciprocal manner, and where consumers everywhere can exercise their right to choose U.S. beef. In the attached background paper, R-CALF USA proposes a plan for action to help restore the competitiveness of U.S. cattle producers. We have submitted this blueprint to the Secretary of Agriculture, and we urge you to examine the proposal and lend it your support.

- 1) USDA should postpone indefinitely its proposal to allow imports of cattle, and beef from cattle, over 30 months of age from Canada. With another case of BSE in an animal born after Canada's feed ban confirmed just last week, the continued closure of 35 markets around the world to Canadian exports, and the continued resistance of U.S. trading partners to our beef exports due to concerns about commingling with Canadian product, now is not the time to further weaken our import standards below those of our trading partners.
- 2) USDA should ensure our BSE import standards reflect the consensus among BSE-affected countries. The USDA Final Rule implemented in mid-2005 effectively lowered U.S. standards for imports of Canadian cattle and beef below the standards of any significant beef importing country. In light of the latest BSE case in Canada, which provides dispositive evidence that the assumptions underpinning the lower import standards contained in the Final Rule are invalid, the USDA must immediately rescind the Final Rule until a more thorough evaluation of the scope and severity of Canada's BSE outbreaks is conducted. Our standards should mirror those that exist abroad, not be lower than those of our competitors. Strong, science-based import

standards not only protect animal health and consumer safety – they also remove a justification for continued restrictions on U.S. exports.

- 3) USDA should cease its policy of granting access to the U.S. market for cattle and beef imports before we regain access to foreign export markets. Trade must be equitable and reciprocal, not a one-way street. We cannot sustain the gaping trade deficit in cattle and beef that results from these imbalanced market access opportunities.
- 4) USDA should ensure that beef produced exclusively from U.S. cattle can be easily differentiated by consumers in the U.S. and abroad. Packers already are required to develop differentiation techniques in order to meet certain countries' import requirements – there is no reason the same process cannot be used to allow all consumers to exercise their right to choose 100% U.S. beef.

Mr. Chairman, we need your help to restore the competitiveness of the live cattle industry, the single largest component of U.S. agriculture. I urge you to consider supporting the policy reforms outlined above, and to convene a hearing to review USDA's import standards for cattle and beef. We would also be happy to work with you on legislation to address these matters. We look forward to working with you on these important issues, and thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Chuck Kiker". The signature is written in a cursive, slightly slanted style.

Chuck Kiker
President
R-CALF USA

cc. U.S. Agriculture Secretary Mike Johanns
U.S. Agriculture Committee Ranking Member Collin Peterson