

R-CALF USA
2008 Congressional Priorities for the U.S. Cattle Industry
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The U.S. cattle industry remains the last frontier for the U.S. meatpacking industry. It is the only major livestock sector that has not fully been vertically integrated, from birth to plate, by the meatpacking sector. 2008 will be a pivotal year in determining whether the cattle industry goes the way of the poultry and hog industries, or charts a new course and develops a new model where producers and packers maintain a harmonious partnership without either party exerting economic control over the other. Thousands of farmers and ranchers who raise and sell cattle across the U.S. support the following policies that will ensure their continued independence:

Mandatory Country-of-Origin Labeling

- Ensure the proper implementation of mandatory country-of-origin labeling (COOL) no later than Sept. 30, 2008, to enable U.S. producers to maintain the separate identity of their U.S. cattle herd and engage in competition with growing volumes of imported beef and cattle.

Market Competition

- Preserve the competition reforms in the Senate version of the 2007 Farm Bill and ensure their proper and timely implementation in 2008. These critical reforms include:
 - A ban on packer ownership of livestock for more than 14 days before slaughter to prevent packers from manipulating and controlling fed cattle prices.
 - The establishment of an Office of Special Council for Agricultural Competition to ensure proper enforcement of the Packers and Stockyards Act (PSA).
 - A requirement that the U.S. Department of Agriculture (USDA) conduct a rulemaking to define the PSA term “unreasonable preference or advantage” to protect producers against discriminatory marketing practices by packers.
 - The authorization for voluntary arbitration for contract livestock producers to ensure that contract growers can hold vertically integrated packers accountable.
 - The authorization for state-inspected packing plants to engage in interstate commerce to provide smaller packers with an incentive to expand.
- Amend the PSA to require forward contracts to contain a firm base price to prevent larger packers from acquiring large volumes of un-priced cattle that effectively shield them from the competitive marketplace and allow them to leverage down domestic cattle prices.
- Amend the PSA to correct court interpretations that found packers are free to control or manipulate cattle prices if they allege a “business justification” for their actions. Price control and manipulation should be unlawful regardless of the reason the packers choose to engage in such practices and “business justification” is not a defense under the PSA.
- Amend the PSA to correct court decisions that found that producers must not only prove they were harmed by unfair and deceptive acts or practices of the packers, but also, that the practices caused an injury to the competitiveness of the *entire* industry. This is an untenable burden for individual producers and is not a defense arising from the PSA.
- Amend mandatory price reporting requirements to achieve greater transparency of livestock market prices as recommended by the General Accountability Office (GAO).

Cattle Herd Health

- Immediately pass the Resolution of Disapproval to overturn USDA's OTM Rule that allows the importation of over-30-month cattle and beef from Canada. These commodities represent the highest risk for BSE from a country that continues to detect this incurable, always fatal disease and the U.S. has not yet restored lost export markets.
- Amend the Animal Health Protection Act to prohibit USDA from allowing imports of cattle or beef from a country where incurable and always fatal bovine diseases are known to exist (alternatively, require USDA to trade only with countries determined to be either free of disease or that meet the OIE standard for countries with a negligible risk for disease).
- Amend the Animal Health Protection Act to prohibit USDA from allowing imports of cattle or beef from a country affected by serious foreign animal diseases through the process of regionalization, which is the process of establishing imaginary disease-free zones within the borders of an otherwise disease-affected country.
- Amend the U.S. feed ban to prohibit all animal protein and animal by-products from livestock feed to further protect against the spread of BSE.
- Authorize voluntary BSE testing to facilitate the restoration of lost export markets.

International Trade

- Require all trade agreements to include provisions that reflect the unique marketing characteristics of the U.S. cattle industry, including its extreme price sensitivity to increases in supply. As a minimum, all trade agreements must include:
 - Classification of cattle and beef as perishable and cyclical items and considered like/kind products.
 - Quantity and price safeguards for both beef and live cattle.
 - Rules of origin that provide preferential treatment only for products from cattle that were born, raised, and slaughtered in the country of export.
 - Upward harmonization of import health and safety standards.
- Remove livestock from the U.S. Department of Treasury's "J-List" thereby requiring all imported livestock to be permanently marked with their country-of-origin to ensure that imported livestock can be traced following a disease outbreak in a foreign country.
- Take steps to correct currency manipulation by trading partners that have taken action to under-value their currencies vis-à-vis the U.S. dollar to gain an unjust trading advantage.

Animal Identification

- Amend the Animal Health Protection Act to prohibit mandatory animal identification and premise registration and direct USDA instead to make improvements to existing animal disease trace-back programs, such as the successful brucellosis surveillance program.

Beef Checkoff Program

- Amend the National Beef Checkoff program to allow U.S. cattle producers to promote and advertise their USA beef and to improve the accountability of the program. R-CALF USA does not support the recommendation to increase the checkoff assessment to \$2.00.