

The Cattlemen's Newsletter

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Our Mission

R-CALF USA's mission is to represent the U.S. cattle industry in trade and marketing issues to ensure the continued profitability and viability of independent U.S. cattle producers.

USDA's Inconsistent BSE Policies Continue to Cost U.S. Cattle Industry Billions

BILLINGS, MONT. (June 14, 2006) Following the December 2003 discovery in Washington state of an imported Canadian cow infected with bovine spongiform encephalopathy (BSE), more than 50 countries closed their markets to U.S. beef. Now, almost three years later, these markets still remain largely closed, and Congress and the U.S. Department of Agriculture (USDA) still refuse to correct the problems that contributed to the loss of these significant export markets.

"Making headlines this week is USDA's reported actions of further delaying exports to South Korea at a loss of hundreds of thousands of dollars a day because USDA wants to try to force that country to accept beef from Canadian cattle," said R-CALF USA CEO Bill Bullard. "That's wrong on so many levels, not the least of which is that it puts the interests of a few meatpackers that want to slaughter Canadian cattle over the entire remainder of the U.S. cattle and beef industry.

"South Korea has made it clear it will not accept beef from Canadian cattle," Bullard continued. "USDA's decision not to move forward with the agreement shows that the packers have too much influence over USDA, and these obstructionist practices are hurting U.S. cattle producers."

In 2003, the U.S. exported a record 2.5 billion pounds of beef valued at over \$3.1 billion. In 2005, the U.S. exported less than three-quarters of a billion pounds, valued at less than \$1 billion. A most conservative estimate is that the U.S. has lost over \$2 billion per year due to lost exports since 2003, which translates into billions of dollars in losses to U.S. cattle producers.

"It's USDA's inappropriate and inconsistent BSE policies that are the most significant hurdles that continue to plague the profitability of the U.S. cattle industry and prevent the industry from maintaining its separate identity in the global marketplace, which has caused heightened concerns among foreign beef customers," said R-CALF USA President and Region V Director Chuck Kiker. "USDA prematurely rushed to reopen the U.S. market to Canadian cattle and beef long before the agency had restored the lost confidence of our export customers that occurred because the U.S. was commingling Canadian beef and cattle with our own domestic supply,

"USDA's strategy of giving access to the U.S. market to gain access to foreign markets has failed miserably, and this policy continues to hurt our U.S. cattle industry financially," Kiker continued. "USDA's overzealous efforts to convince the world that Canadian cattle and beef are as safe U.S. cattle and beef – despite scientific evidence to the contrary – is disconcerting to U.S. cattle producers.

(Continued on page 6)

Court Schedule Set for Appeal Process

BILLINGS, MONT. (June 30, 2006) The U.S. 9th Circuit Court of Appeals (9th Circuit) has established the following schedule regarding R-CALF USA's recent appeal of an April 2006 decision by U.S. District Judge Richard F. Cebull. Cebull denied the organization's request for a permanent injunction against the U.S. Department of Agriculture's (USDA) Final Rule that allows imports of cattle under 30 months of age and beef products from cattle younger than 30 months of age into the United States from Canada, a country affected by bovine spongiform encephalopathy (BSE):

- R-CALF USA's opening brief is due Sept. 21, 2006;
- USDA's response brief is due Oct. 23, 2006;

- R-CALF USA's reply is due 14 days after service of USDA's brief;

- At this date, no time has been set for oral argument.

"The 9th Circuit ruled in July 2005 that USDA should be given deference in this matter, but there's never been an evaluation of all of the evidence, by either the 9th Circuit or the District Court," said R-CALF USA President and Region V Director Chuck Kiker. "We are pleased that our case is moving forward, and we are hopeful the full merits of our case will be considered eventually by the district court.

"R-CALF wants the opportunity not only to make certain that USDA's decision-making on this Final Rule gets a thorough review because the

agency has continued to make inconsistent statements about BSE risks, but also to make certain the courts consider all the scientific evidence by nationally recognized experts and government agencies," Kiker continued. "We believe the public deserves a full assessment of whether USDA's assumptions were reasonable and whether the agency's decision was explained adequately, and we do not believe the 9th Circuit intended to, or legally could, preclude that from happening.

"We hope the 9th Circuit will remand the case back to Judge Cebull so we can have a full review of the scientific evidence submitted in our case," Kiker emphasized. "The ultimate decision should be based on science, not on a presumption that

(Continued on page 6)

Vice President Participates in Minnesota Forum

STAPLES, MINN. (June 7, 2006) R-CALF USA Vice President and Region VI Director Max Thornsberry, D.V.M., recently participated in an open-forum town hall meeting sponsored by the Minnesota Cattlemen's Association. More than 100 area cattle producers listened to topics ranging from bovine spongiform encephalopathy (BSE) to USDA's proposed National Animal Identification System (NAIS), as well as international trade.

"The U.S. needs to maintain its disease controls and safeguards," said Thornsberry, a veterinarian from Richland, Mo. "For the sake of trade, we cannot allow the USDA to literally throw away decades of disease safeguards."

Thornsberry also explained that R-CALF USA is composed of voluntary members who can set organizational policy only if they own cattle.

"R-CALF is funded by membership dues and donations," he explained. "R-CALF, as a grass-roots organization, doesn't allow beef-industry corporations, including packers, to sit on its board of directors, no matter what kind of donation they might make."

"Currently, we are seeing a lack of competition in the fed-cattle market," Thornsberry commented. "Packers were not meant to feed cattle, sheep or hogs. The Packers and Stockyards Act of 1921 needs to be enforced to protect livestock producers."

Past R-CALF USA Region VII Director Jerry Swartz said the meeting was an informational one designed to update cattle producers on current issues affecting the U.S. cattle industry.

"Many barriers between the organizations present were broken down to expose different perspectives of the U.S. cattle industry," said Swartz, of Henning, Minn.

Michael Kasten and Les Bell, both of Motley, assisted in organizing the meeting.

"We need Mandatory Country-of-Origin Labeling (M-COOL)," said Kasten. "USA beef is being hidden under a USDA inspection sticker and grade stamp."

"Dr. Thornsberry is very effective at explaining what the real results will be if a national Animal ID program is implemented," said Bell. "It will hurt sale barns and auction markets, as well as cause vertical integration within the industry."

"If the data falls into the wrong hands, it could be used to place a stranglehold on the industry by allowing packers to know the age of cattle and how many are available," Bell explained.

Cattle Producers Support Legislation to Allow Interstate Shipment of Meat

BILLINGS, MONT. (June 24, 2006) R-CALF USA has joined a coalition of agricultural organizations to support proposed legislation, S. 3519, which would allow interstate sales of state-inspected meat. The bill was introduced this week by Sen. Orin Hatch, R-Utah, Sen. Kent Conrad, D-N.D., and Sen. Herb Kohl, D-Wis. The coalition has written a letter of support that will be delivered to the U.S. Senate next week by the National Association of State Departments of Agriculture (NASDA).

"R-CALF members have long been concerned with correcting the problems that prevent smaller packers from shipping their beef products across the country," said R-CALF USA Vice President Max Thornsberry, a Missouri veterinarian who also serves as R-CALF USA Region VI Director. "These issues have prevented small companies from doing business across state lines since 1967."

"Removing these existing obstacles will level the economic playing field for small business owners, spur additional competition in the marketplace, create a more uniform meat-inspection system, and also enhance food safety and consumer confidence in the domestic food supply," Thornsberry continued.

"The old law allows products like venison, pheasant, quail, and rabbit meat to be shipped

across the country with no barriers whatsoever," he explained. "It just doesn't make sense to prevent businesses that sell beef, poultry, pork, lamb and goat meat from making those products available to consumers across state lines."

"Foreign-produced meat can be shipped anywhere in the U.S. as long as that nation's inspection program is equivalent to U.S. federal standards, so this law will give small businesses in the United States the same marketing opportunities given to foreign businesses," noted Thornsberry.

"Without change, concentration in the processing sector of the beef-supply chain will continue to hurt small farmers and ranchers because they'll have fewer buyers for their livestock," Thornsberry commented. "With passage of this legislation, those small producers can expect to enjoy opportunities with increased markets for their products, rural development should expand, and the tax bases in those communities likely will increase, as well – all of which eventually will benefit not only cattle producers, but consumers, too."

"State and federal inspection programs should function together as a seamless system in both intrastate and interstate commerce," Thornsberry emphasized. "We hope Congress will act immediately to pass this legislation."

Peru Congress approves free trade agreement with U.S.

By Tom Steever, Brownfield Ag Network

(June 28, 2006) A Peruvian news website reports that the Peruvian Congress has ratified the free trade pact with the United States. The pact was approved 79-14 after a debating session that ended at 2:30 Wednesday morning, Peru time.

The bilateral trade deal was reached between Peru and Washington late last year and was signed in April.

Pablo de la Flor, vice-minister of foreign trade and leader of the Negotiation Commission, welcomed the legislative decision and emphasized the importance and implications of the FTA for millions of Peruvians.

"This deal ensures that Peruvian exports will permanently enter the biggest economy in the world under favorable conditions," said the vice-minister, quoted in the web story. "It facilitates the elimination of tariff barriers which limited the real access of Peruvian exports within the United States."

The Peruvian Congress also approved a law providing for compensation to that country's producers of cotton, hard maize and wheat, according to the story.

U.S. Trade Representative spokesman Steve Norton says the Peruvian Congress' approval of the agreement is welcome news for both nations.

"The agreement provides significant new opportunities for U.S. exporters and eliminates tariff disparity that currently exists between the United States and Peru," Norton told Brownfield.

Much of what the U.S. has been importing from Peru has entered duty-free, a result of the Andean Trade Preferences Act passed by the U.S. Congress in 1991.

"This agreement, once in place, would basically make that duty-free treatment reciprocal," said Norton. "That's a great thing for U.S. farmers, ranchers, manufacturers and service providers."

The treaty still has to be ratified by the U.S. Congress.

All the news a busy cattle producer needs to know — Visit www.r-calfusa.com!

Alabama Kicks Off Southeastern Sweep

BILLINGS, MONT. (June 26, 2006) CEO Bill Bullard spoke to more than 170 cattle producers at recent meetings held in Alabama sale barns to kick off R-CALF USA's "Southeastern Sweep," designed to raise awareness of the organization in the region.

Dothan Livestock Co., in Dothan, Ala., was the site of the first meeting. R-CALF USA Alabama Membership Chair Ed Neel, who also owns the sale barn, said R-CALF USA is the only organization protecting the rights of U.S. cattle producers.

"After years of trying to fight forces beyond our control as independent cattle producers and market operators, I concluded the only way to preserve our industry and the life we love and enjoy is to have an organization that represents independent producers and market operators, not the interests of the packers, wholesalers, retailers and corporate cattle feeders," Neel said.

Bullard spoke of the cattle producers' role in the U.S. beef-supply chain and said the U.S. beef industry is a highly competitive, multi-segmented industry valued at around \$175 billion.

"The beef-supply chain consists of many competing industry segments that, together, are integral partners," said Bullard. "You are at the foundation of this industry – the live-cattle segment of the beef-supply chain is a \$48 billion industry.

"Downstream segments of the beef-supply chain include meatpackers, importers, and retailers," Bullard continued. "Each of these industry segments shares the same goals: to minimize their risks, maximize their profits, and enhance their competitiveness."

Bullard asked the audience: 1) Does this mean we're all in this together like the other segments of this industry have been telling us for the past 15 years? 2) Does this mean that cattle producers should not be competing with the other segments to maximize their share of the consumers beef dollar, or to compete for a greater share of the domestic beef market? 3) Does this mean what's good for the packer is automatically good for the producer?

Bullard explained that the traditional industry groups are telling U.S. producers not to compete with the other segments of the beef supply chain.

"They've told you not to compete for a larger share of the existing pie," Bullard noted. "Instead, they want you to focus exclusively on growing the pie, on increasing domestic and global beef demand because, they say, as demand grows the packers will be profitable, and when packers are profitable, they will pass their profits back to you the producer."

According to Bullard, the theory proved false in the '90s, when beef consumption and beef demand grew stronger and retail beef prices began

hitting new records, while live cattle prices remained depressed. However, in 2003 – four years after R-CALF USA was formed – producers began receiving historically high prices for their cattle after the Canadian border was closed to both beef and cattle imports.

"The reason cattle prices did not respond sooner was because the packers were interfering with the competitive marketplace," Bullard explained. "They had introduced new tools in the industry to enable them to capture the consumer-demand signals that should have been driving live cattle prices higher, and they satisfied increased consumer demand with imported cattle, captive-supply cattle and imported beef.

"But, when the packers were unable to import live Canadian cattle for over two years, and Canadian beef products for several months, the control they had over the U.S. cattle market literally slipped through their fingers," he continued. "As a result, you saw the largest year-to-year jump in domestic cattle prices that you've seen in the past 30 years, if not the entire history of your industry."

Bullard said R-CALF USA aims to improve the live cattle industry with a four-step plan.

"First, we must place in the producers' hands the tools necessary to compete with foreign beef and cattle, such as Mandatory Country-of-Origin Labeling (M-COOL)," Bullard said. "Then, we must take from the packers the tools they have used to gain a pricing advantage in our market, i.e., packer-owned cattle and forward contracts without a firm, negotiated price.

"Third, we must build safeguards in trade agreements that recognize the perishable nature of our industry, as well as the fact that our industry is highly sensitive to import surges," he explained. "Finally, we must maintain stringent health and safety import standards, as well as maintain the United States' high health and safety production standards. It is irrational for cattle producers to sit silent while the U.S. maintains lower import standards for beef and cattle imported into our market than what we are subject to for beef and cattle that we want to export."

Mid State Stockyards, in Letohatchee, Ala., and Roanoke Stockyards, in Roanoke, Ala., also hosted meetings. Roanoke Stockyards Co-Owner Chad Green said the Southeast needs to hear R-CALF USA's views.

"Cattle producers are looking for a new organization to reflect their views," Green noted. "Producers around here don't support a mandatory Animal ID system, but they do support Mandatory COOL.

"The majority of our producers believe Animal ID to be a money issue, not an animal health issue," said he continued. "It was interesting to learn that in the early '90s consumption had actually increased when we had been told it decreased."

Cattle Producer to Testify on Import Restraints

BILLINGS, MONT. (June 26, 2006) R-CALF USA International Trade Committee Co-Chair Doug Zalesky will testify July 13 in Washington, D.C., before the International Trade Commission (ITC) regarding the ITC's Fifth Update of "The Economic Effects of Significant U.S. Import Restraints (Inv. No. 332-325).

"In developing the fifth update of its investigation into the economic effects of U.S. import restraints, the ITC is charged with assessing the impact of those restraints on U.S. consumers and firms, on the income and employment of U.S. workers, and on the net economic welfare of the United States," Zalesky explained. "In previous investigations, the ITC has regularly assessed the impact of liberalizing U.S. restraints on imports of fresh, chilled or frozen beef.

"R-CALF believes there are a number of important factors that haven't received extensive analysis in previous ITC investigations, but we hope these factors will come under serious scrutiny during this particular investigation," Zalesky noted.

R-CALF USA is urging the ITC to weigh the following in assessing the economic effects of liberalizing, or lowering, U.S. import restraints on beef:

- The adequacy of traditional economic modeling in predicting the likely effect of liberalization in beef trade, particularly the impact on upstream cattle producers;
- External barriers to U.S. exports that have resulted in a large U.S. trade deficit in fresh, chilled and frozen beef since 2003;
- The demonstrated ability of certain large producers to export to the U.S. in excess of quota levels despite out-of-quota tariffs;
- And, the cumulative impact of bilateral and regional Free Trade Agreements that liberalize trade in beef.

Please visit the "International Trade" link at www.r-calfusa.com to view R-CALF USA's June 16, 2006, correspondence to ITC Secretary Marilyn Abbott. More information will become available after Zalesky testifies.

CJUSA on its way

Be on the lookout for the Fall 2006 issue of **Cattlemen's Journal USA** which will be in mail boxes mid-August. If you would like to place an advertisement in this or any future issue, please contact the magazine office at **1-888-258-7212**. Also, your ideas, input, and letters to the editor are greatly appreciated. Please contact **CJUSA** if you do not receive your copy so that we may update our mailing lists.

ICA of Texas Elects 2006-2007 Leadership

LOCKHART, TEXAS (June 23, 2006) For Immediate Release – Bruce Dopslauf of La Grange, Texas, was re-elected to a second term as president of the Independent Cattlemen's Association of Texas on June 16 during the association's 32nd Annual Convention and Trade Show in San Antonio. ICA is a grassroots organization representing the interests of cow/calf producers across Texas.

Elected to his first presidential term in 2005, Dopslauf has spent the past year traveling to and speaking at chapter meetings and association events, representing the state at national conferences, and overseeing a successful membership drive that brought new members into the association and encouraged current ICA members to get more involved. Dopslauf is owner of the Seven V Seven Ranch, a cow/calf operation, and manager of the Lazy D Oak Road Beefmaster Ranch, both in La Grange, and co-owner of B&D enterprises.

In addition to re-electing Dopslauf, ICA voting delegates confirmed the executive board and the board of directors during the ICA annual meeting. Serving with Dopslauf on the executive board are 1st vice president Peanut Gilfillian of Stowell, 2nd vice president Rosalee Coleman of George West, secretary Richard Hodge of Pledger, treasurer Curtis Calhoun of Austin, and past president Verlin Callahan of Cedar Creek. Dwyatt Bell of Sulphur Springs and A.L. "Windy" Miller of Floresville were elected at-large members of the executive board.

Members of the ICA board of directors are elected to serve for three-year terms on a rotating basis. Elected to new terms on the ICA board were Wesley Ratcliff of Oakwood and Jim Selman of Gonzales. Re-elected for a second term were Robert Bruner of Huntsville, Connie Jacob of Victoria, John Kahla of Jasper, Ginger Perner of Ozona, Jack Pyburn Jr. of La Grange, Joe Rathmell of Zapata, Charles Reneau of Beaumont, Phil Sadler of Alba, Henry Roy Schaar of Victoria and Tommy Srp of Edna.

The ICA board also consists of Tom Beard of Alpine, Harold Clubb of Hamshire, Verne Colwell of Nixon, Richie Devillier of Winnie, David Edwards of Stowell, Brad Forester of LaRue, Joe M. Kelly of Lockhart, Henry Kuntschik of La Grange, W.R. "Billy Bob" Low of Cost, Brian Luensmann of Seguin, Jim Monaghan of Waelder, Bill Quinney of Gonzales, Fausto Salinas of Sullivan City, and Darrell Sklar of Edna.

ICA was founded in 1974 to provide strong leadership for Texas cow/calf producers and has grown from its 17 original members to become a voice for thousands of cattle producers. For information on joining ICA, visit www.icatexas.com.

Visit www.r-califusa.com!

U.S. beef will meet unreceptive consumers in Japan, survey shows

By Toru Takahashi, *The Yomiuri Shimbun*

TOKYO (June 27, 2006) About 60 percent of respondents to a joint Yomiuri Shimbun/NTT Resonant Inc. survey said they do not want to eat U.S. beef when imports resume.

The survey was conducted for three days through last week after Japan and the United States reached an agreement on lifting the ban on U.S. beef, imports of which could resume by as early as next month.

Seventy-one percent of respondents said they were "opposed" or "fairly opposed" to the lifting of the ban.

Sixty percent of this group said they had doubts about the safety of meat processing in the United States, while 52 percent said they were worried about the U.S. meat inspection system.

These figures show that many Japanese have increased their distrust of the U.S. government following the discovery of a part of a backbone — considered a specific risk material for bovine spongiform encephalopathy — in the first shipment of U.S. beef following Japan's lifting of the previous import ban late last year.

Thirty percent of those surveyed said the Japanese government had rushed the decision to lift the ban out of a desire to keep on friendly terms with the United States.

By gender, 64 percent of men opposed lifting the ban, while 76 percent of women did.

Asked if they would eat U.S. beef after imports resume, a combined 61 percent said "no" or "will try not to," with only 6 percent saying they would not mind eating U.S. beef.

Ninety-six percent said restaurants should have to declare the country of origin of beef they served.

In reply to a question on whether they had changed their attitudes regarding the selection of beef since Japan banned U.S. beef imports, 28 percent said they had not changed their attitudes and ate imported beef, while 36 percent said they ate or tried to eat only domestic beef.

The suspension of U.S. beef imports has affected the diet of consumers, with 24 percent of respondents saying they rarely eat beef, and 1 percent said they had stopped eating beef altogether.

In the online survey, 1,059 valid answers were received from respondents aged between 14 and 84, with 450 men and 609 women.

A total 80 percent of those surveyed disapprove of the idea of gyudon beef-bowl chain restaurants possibly switching back to U.S. beef.

Forty-seven percent said they would prefer restaurants not to use U.S. beef, while 33 percent said they definitely should not.

Only 13 percent said restaurants should use U.S. beef.

Almost 90 percent of those polled said they want to know if U.S. beef is used at restaurants.

Forty-seven percent said they were "somewhat concerned" about the issue, while 39 percent said they were "eager to know."

Fresh and some processed food providers are required to label the origins of their products, but many processed food providers and restaurants do not have to do so.

Sixty-seven percent of respondents said an indication of country of origin on beef should be mandatory at restaurants and on processed food, while 29 percent said they would prefer it if such a system were in operation.

Judge slows pace of suit over mad cow testing

Reuters

WASHINGTON, D.C. (June 27, 2006) A small U.S. meatpacker will have three more weeks, until July 14, to file court documents asking for an immediate end to the federal monopoly on mad-cow tests, a U.S. district court judge decided on Tuesday.

Creekstone Farms Premium Beef LLC wants to test all of its cattle for brain-wasting mad cow disease, saying it would give customers in nations like Japan confidence in U.S. beef. The Agriculture Department says the tests are a food safety matter, not a marketing gimmick.

The packer originally was scheduled to file its motion for summary judgment by June 23, to be followed by a similar motion from USDA. Motions for summary judgment ask a judge to conclude a case is so lopsided the victor can be chosen without a trial.

The new schedule for the case is:

- July 14, deadline for Creekstone to file for summary judgment.
- August 25, deadline for USDA to move for summary judgment and oppose the Creekstone motion.
- September 15, deadline for Creekstone to file supporting materials for its motion and to oppose the USDA motion.
- October 6, deadline for USDA to submit documents in support of its motion.

Food for Thought...

"The only thing that overcomes hard luck is hard work." ~ Harry Golden (1902-1981)

Producers still skeptical of livestock tracking program

By Debbie Bryce, Idaho State Journal Writer

POCATELLO (June 22, 2006) The Livestock Identification and Marketing Opportunities Act, introduced last June by U.S. Rep. Steve King of Iowa, would create a mandatory system to track agricultural animals.

While H. R. 3170 currently has no co-sponsors and no legislative action has been taken, the Bill would allow agricultural animals to be traced from their point of origin to slaughter within 48 hours.

The Dec. 23, 2003, discovery of bovine spongiform encephalopathy (BSE, also known as "mad cow disease"), in a dairy cow in Washington State sparked national discussion about a uniform identification system.

A congressional study reported that the beef industry lost \$3 billion in beef exports following the isolated case.

King said the system would act as an insurance policy for producers and consumers alike in case of a disease outbreak.

In August 2004, the Northwest Pilot Program which includes Idaho, California, Nevada, Utah, Oregon, Washington and Hawaii received a \$350,000 grant to test the animal identification program.

Chairman Rick Stott said pilot programs across the country would help to develop a national system.

Currently, 150 producers are participating in the voluntary program and 35,000 animals are being tracked.

The U.S. Animal Identification Organization, a nonprofit group, stores the data at a cost of 30 cents per animal.

A 15-digit number on electronic ear tags allow information to be scanned into the system.

Stott said the ear tags cost about \$2 each, but the electronic readers run between \$500 and \$800.

"It's anticipated that many producers will never have to read the number," he said.

Feedlots, packing plants and sales yards will record the animal's movement when the livestock is sold or slaughtered.

A lot number is assigned to groups of animals that have never co-mingled with other livestock, Stott said and ear tags are not necessary.

The electronic system speeds up the identification process and producers get a better price for their livestock.

"There are market opportunities for people to do this," said Stott, who is also the vice president of Agri Beef.

The Boise-based company operates a network of feedlots and packing plants in the North-

west.

The U.S. Animal Identification Organization will assume management of the program when the pilot programs end. The group plan to have a permanent database up and running within two months.

Europe, Australia, New Zealand and Canada currently have national identification systems in place.

"We are the only major beef producing country in the world that doesn't have a tracking system," Stott said.

The animal identification program does not include household pets and he said livestock producers are working to determine the best devices for horses, goats, swine and poultry.

"Obviously, you wouldn't put a tag in a horse or a goat's ear," he said.

But local producers are skeptical, said John Thompson, director of information at the Idaho Farm Bureau.

"What we're hearing is that it seems there is always another regulation to pile on the producers," he said.

Thompson notes that only 10 percent of beef produced in the U.S. is exported.

While Idaho producers recognize the need to track the origin of cattle, they favor country of origins labeling over the national identification program.

"We have a good record of animal health in this country," he said. "A lot of producers believe that would be more effective."

Thompson said country of origin labeling, aimed at consumer protection, was passed in the last Farm Bill, but meat packers blocked funding the program because it created work for them.

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Bring on the fake Kobe beef *By Pete Hisey, Meatingplace.com*

(May 25, 2006) An Australian meat processor has become the first outside Japan to produce a beef product that mimics the marbling and texture of expensive Kobe or Wagyu beef.

Hastings Food Processing injects primal cuts of beef from cull cattle with a mixture of fat and starches, then wraps them tightly and flash-freezes them. The result is a product suitable for export to Japan, where it is used in dishes such as shabu-shabu, very thin slices of fatty beef that are swished in a hotpot at the table before eating.

According to a report in the Weekly Times, a national Australian publication, the product is called Meltique Beef, and is sold at a premium to standard cull beef, but is not meant to fool buyers that it is authentic Kobe beef. The technology was devised by Hastings' Japanese parent, Hokubee Beef, about 15 years ago, but Hastings is the only processor outside Japan using the technique.

The company is exporting about 100 metric tons of the product per year, mainly to Japan, South Korea, Taiwan, Singapore and Hong Kong.

Canada strengthens feed controls *Feedstuffs News Flash*

(June 26, 2006) The Canadian Food Inspection Agency (CFIA) is banning cattle tissues capable of transmitting bovine spongiform encephalopathy (BSE) from all animal feeds, pet foods and fertilizers. The enhancement will significantly accelerate Canada's progress toward eradicating the disease from the national cattle herd by preventing more than 99% of any potential BSE infectivity from entering the Canadian feed system.

The banned tissues, collectively known as specified risk material (SRM), have been shown in infected cattle to contain concentrated levels of the BSE agent. Canada has already applied identical protection to the human food system, where SRM are removed from all cattle slaughtered for human consumption. This measure is internationally recognized as the most effective way to protect the safety of food from BSE.

Extending SRM controls to all animal feeds addresses potential contamination that could occur during feed production, transportation, storage and use, CFIA said, and removing SRM from pet food and fertilizers is intended to mitigate the risk associated with the potential exposure of cattle and other susceptible animals to BSE through the misuse of these products.

The new outcome-based regulations enter into force on July 12, 2007, with additional time provided for small establishments to achieve full compliance. In the meantime, an awareness campaign will be undertaken to ensure that all regulated parties are fully aware of their responsibilities and have adjusted their practices and procedures as required. The federal government has set aside \$80 million to work with the provinces to assist industry's implementation of the new feed controls.

SRM are defined as the skull, brain, trigeminal ganglia (nerves attached to the brain), eyes, tonsils, spinal cord and dorsal root ganglia (nerves attached to the spinal cord) of cattle aged 30 months or older and the distal ileum (portion of the small intestine) of cattle of all ages.

Montana Cattlemen's Association Announces Mid-Year Meeting at the Oxbow Ranch

(June 26, 2006) The Oxbow Ranch of Wolf Creek, MT will host the Montana Cattlemen's Association mid-year meeting on Friday, July 14, 2006. "Keeping our members updated on issues is crucial for Montana cattlemen," said MCA Vice-President Kim Baker.

The Oxbow Ranch is located off I-15 north of Helena. From Wolf Creek take the Holter Lake Frontage Road and follow the signs. Ken Cook is proud to welcome fellow MCA members to his ranch.

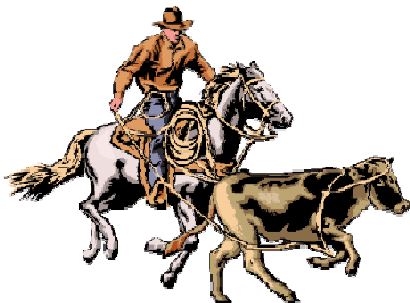
Governor Brian Schweitzer will be the featured luncheon speaker. State Veterinarian Dr. Tom Linfield will discuss the Interagency Bison Management Plan; Judge C. Bruce Loble will address the Water Rights Adjudication status; Trevis Butcher will speak on the Missouri River Breaks Monument; and Leo McDonnell will give an R-CALF USA update. Senator Max Baucus, Senator Conrad Burns, Representative Denny Rehberg, State Senator Jon Tester, and State Representative Monica Lindeen have also been invited. The meeting will run from 9:00 a.m. to 4:00 p.m.

A 4-H group will serve lunch at a modest cost. So they may plan the meal accordingly, please RSVP to 406-259-5433 or email mca@montanacattlemen.org.

Court Schedule... (Continued from page 1)

USDA's judgments were right just because it is a government entity."

Background: A preliminary injunction, granted to R-CALF USA by the District Court in March 2005, was reversed in July 2005 by a three-judge panel at the U.S. 9th Circuit Court of Appeals. R-CALF USA then asked the District Court to hear argument on its pending motion for summary judgment, but instead Cebull decided, in effect, that the 9th Circuit already had decided the merits of the case. In his April 2006 decision, Cebull said his "hands were tied" and that the 9th Circuit had instructed him to 'abide by this deferential standard,' and 'respect the agency's judgment and expertise.'"



USDA BSE Policy... (Continued from page 1)

"Canada has detected more BSE cases than the U.S. under far fewer tests, and unlike the U.S., Canada has detected multiple cases of BSE in much younger cattle that were born well after 1997, when Canada implemented its feed ban," explained Kiker. "This proves Canada's feed ban has not been effective in arresting the spread of BSE there. Despite the obvious difference between the risk status of the U.S. and that of Canada, USDA has refused to take any additional action to protect the U.S. cattle industry from the risk and stigma associated with Canadian cattle and beef.

"Even more alarming are the official, yet inconsistent, arguments USDA has used to advance its trade goals – arguments that directly contradict emerging scientific evidence – all to the detriment of the U.S. cattle industry," he said. "For example, in the agency's Final Rule that reopened the Canadian border to beef and cattle under 30 months of age, USDA shortchanged the U.S. cattle industry by dismissing the significance of Japan's detection of two cases of BSE found in cattle under 30 months of age on the basis these cases 'demonstrated some unusual patterns on Western blot tests, which suggests a possibility that different strains of BSE may exist.' Referencing a scientific document on 'atypical' BSE, USDA claimed these cases could be explained by other factors and were not cause for concern about under 30 month beef and cattle from Canada."

Bullard said USDA then argued in court that the detection of BSE in a 12-year-old Texas cow demonstrated the U.S. is essentially in the same BSE risk category as Canada. Defending its decision to change prior policy and allow imports from Canada, USDA stated, "In fact, the profiles of the U.S. and Canada are not substantially dissimilar. U.S. beef is neither more nor less safe than the Canadian beef that would be imported under the rule."

"After using the Texas case to convince the (U.S.) 9th Circuit (Court of Appeals) that the Canadian border should be reopened because the U.S. now had its own BSE case just like Canada, after a year has lapsed since that case was detected, and after months since a 10-year-old Alabama cow was detected with BSE, only now does USDA disclose that it knew both domestic BSE cases were 'atypical' strains of BSE," said R-CALF USA Vice President Max Thornsberry, who also is a veterinarian. "It appears USDA has withheld and manipulated key scientific information in an attempt to further its political goals, and these actions have damaged the integrity and financial well-being of the U.S. cattle industry.

"Had USDA been forthright and timely in informing the courts and the public that the U.S. cases do not appear to be the same strain as the classical BSE found both in Canada and in the

United Kingdom – as the agency so vehemently did when it dismissed the significance of the Japanese cases – the U.S. would likely not be commingling Canadian beef with U.S. beef in the U.S. market, and our export markets would likely have reopened long ago," he said in exasperation.

"USDA's failed efforts to convince foreign countries that Canadian cattle and beef are on par with U.S. cattle and beef is clearly evidenced by South Korea's demands that the U.S. not export any Canadian beef to them," Thornsberry continued. "Our customers have been telling us for years that it is important they know the country of origin of the beef they purchase, and yet, USDA and Congress refuse to implement the Country-of-Origin Labeling (COOL) law passed in the 2002 Farm Bill that would effectively end the practice of commingling U.S. beef with foreign beef."

Currently, while the U.S. persists in commingling Canadian beef with U.S. beef, even the export markets that have reopened have done so only on a limited basis, and only after imposing stricter import conditions than the U.S. currently imposes on Canada. All the major markets that have partially lifted their bans on U.S. beef – including Mexico, the Philippines, Taiwan, Egypt and Hong Kong – prohibit the importation of ground beef, and all but Mexico allow only imports of boneless beef. However, not only does the U.S. readily accept ground beef and bone-in beef from Canada, but USDA also allows the U.S. to import live Canadian cattle to be slaughtered in the U.S. and then to be commingled with U.S. beef.

"To have lower standards for cattle and beef imported into the U.S. than the U.S. is subject to for products we export is an inappropriate and inconsistent policy," Kiker said. "USDA's BSE policies have effectively hamstrung the U.S. cattle industry and are disadvantaging U.S. cattle producers in the global market.

"The fact that USDA continues to prohibit an entrepreneurial meatpacker like Creekstone Farms Premium Beef from voluntarily testing for BSE in order to expand both its domestic and international market shares speaks volumes about the dismal failure of USDA's current BSE policies and the agency's disregard for the well-being of independent U.S. cattle producers," he continued.

"USDA's BSE policies are geared toward the development of a 'North American cattle industry,' which may benefit a few multinational meatpackers but will undermine the premium reputation and global competitiveness of the U.S. cattle industry," Kiker emphasized. "Without the ability to differentiate our herd and our product, the reputation of U.S. beef will be tied to the weakest production standard of our competitors. Our industry must unite to reverse this damaging course."

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Johanns: Japanese Audits Going Well; Canadian Feed Ban Regs

By Jerry Hagstrom, DTN Political Correspondent

WASHINGTON, D.C. (June 27, 2006) Agriculture Secretary Mike Johanns said today negotiations with Japan on restoring U.S. beef exports are going well but he does not know whether the issue will come up when Japanese Prime Minister Junichiro Koizumi visits President Bush this week.

"I certainly have not raised the issue with the President," said Johanns after a news conference prior to his departure for Geneva for the Doha round of trade negotiations. "They've worked together for five years, and I suspect they have a wide range of issues to talk about. But I think so far so good. I think we're doing well, and like I said the audits seem to be going fine."

The Japanese audit teams have inspected three plants in the United States so far and things are going well, Johanns said.

"The comments from Japan are very encouraging these days, and it's especially encouraging to see the comment that one problem with the shipment would not stop trade, that they would deal with the individual plant," he said.

The Bush administration wants Japan to approve a U.S. food safety system for beef rather than individual plants, Johanns said, but if the Japanese find a particular plant unacceptable and the U.S. government agrees, USDA will take action against the plant.

Japan banned U.S. beef in December 2003 when a U.S. cow was found to have bovine spongiform encephalopathy. Japan reopened its market to U.S. beef in December 2005, but closed it again after a U.S. shipment of veal included bones Japanese food safety officials said were dangerous.

Johanns said he does not believe Canada's decision to tighten its rule on feed for cattle, announced Monday, will give it an advantage in exports.

"We have found so little BSE in the United States," he said. "It's just virtually non-existent. I do think the world is moving toward international standards, and so I don't think it gives them a particular advantage."

Canada said the stricter feed ban would speed up the timetable for getting rid of mad cow disease in Canada. The Canadian feed rule is now stricter than the rule in the United States.

Canada has already banned specified risk materials -- parts of cattle that could contain intense amounts of the mad cow disease agent -- from feed, but the new rule extends the ban to pet foods and fertilizers and addresses contamination during production, transportation and storage.

Johanns said the Canadian Agriculture Ministry informed him over the weekend it intended to announce the rule.

"It was not a surprise," he said. "They gave us a heads up and indicated to us why they felt they needed to do this. As you know, they identified some cases of BSE in Canada ... it's a decision Canada can make and I was pleased to be forewarned."

The U.S. Food and Drug Administration has been working on a stricter feed rule for several years, but the U.S. cattle industry has reacted negatively to the restrictions and the rule has not been completed.



Mark Your Calendar

Upcoming Meetings and Events in Your Area

July 12, 2006

Reno, Nev. - Make your plans now to attend R-CALF USA's Region IV Meeting to be held at 5:00 p.m. PDT on Wednesday, July 12 in the Exposition Hall located downstairs in the Silver Legacy Hotel at 407 N. Virginia Street in Reno, Nevada.

Bring your neighbor to meet with and listen to R-CALF USA leaders such as Region IV Director Jon Wooster, President Chuck Kiker, C.E.O. Bill Bullard, and Director of Government Relations Jess Peterson speak about the critical issues facing your industry at the national level.

Call 1-800-687-8733 for room reservations. Please note that after June 9 the room rates will start at \$99.99 plus tax. We will see you there!

Become a member or recruit a friend!

Do you own cattle? Yes No

R-CALF USA Membership

1 year \$ 50.00/member _____

3 years \$140.00/member _____

Name _____

Company _____

Address _____

City _____

State _____ Zip _____

County _____

Phone _____

Fax _____

E-mail _____

Credit Card # _____

Visa _____ MC _____ Exp. Date _____

Signature _____

- Voting members must own cattle. Annual voting dues are \$50.00 per year per member (one member/one vote).
- Associate members do not own cattle and do not have voting rights.

Please mail application and dues (check, money order, or credit card information) to the address below. Contributions or gifts to R-CALF USA are not tax deductible as charitable contributions. However, they may be tax deductible as ordinary and necessary business expenses.

Recruited by _____

R-CALF United Stockgrowers of America

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2006 Property Rights Committee Survey

In 2006, R-CALF USA members voted overwhelmingly to establish a property rights committee. This new committee will assist R-CALF USA in addressing national and international issues which affect the profitability of U.S. cattle producers. The purpose of this survey is to provide guidance to the committee.

The R-CALF USA Property Rights Committee has decided to work on eminent domain, water rights and conservation easements.

Would you like the Property Rights Committee to also address any of the following issues (please check your interests):

- meandered bodies of water (permanent at time of land survey; state-owned) v. non-meandered bodies of water (not permanent; flooded private land)
- split estate property issues (adjudicated grazing allotments overlying federal land; surface and mineral interests may be owned by separate entities with mineral owner having first priority)
- open fields doctrine (law enforcement can enter private land without reasonable suspicion, probable cause or a warrant)
- no net loss of private property (erosion of property tax base)
- Other: _____

Please circle all that apply:

1. Has government pressured or threatened your:
 - a. land rights? b. water rights?

2. Have private entities pressured or threatened your:
 - a. land rights? b. water rights?

3. Do you believe that for environmental or other reasons the government and nongovernmental organizations often take an adversarial position against property owners and their rights?

Yes No

4 Do you believe that city, county or state governments should have the authority to determine which land must remain in agriculture (prime farm ground) and which may be developed?

Yes No

5. Do you believe the threat against your property is likely to increase or decrease in the future?

Yes No

6. Should R-CALF USA pursue litigation when necessary and where it is financially reasonable to do so?

Yes No

7. Do you believe R-CALF USA should work cooperatively with other organizations on property rights issues?

Yes No

If yes, which organizations? _____

Additional comments: _____

We urgently need your response to begin working on the issues you suggest. **Please postmark by August 15**, if possible.