

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.

Dozens of Producers Participate in Historic Washington Stampede

BILLINGS, MONT. (February 22, 2006) Scores of independent U.S. cattle producers from 22 states traveled to the nation's capitol last week to participate in R-CALF USA's Washington Stampede, a two-day outreach effort on Capitol Hill in which members advanced several issues important to both the do-

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Cowboy hats and producer concerns filled the halls of the Congress, marking the largest R-CALF USA fly-in yet.

R-CALF USA members make fundraising strides with innovation and enthusiasm

As the saying goes, necessity is the mother of invention. That's certainly a tried and true part of ranching, and is the very thing that spurred the formation of R-CALF USA in 1998. A handful of producers saw a need and sought solutions. Even though their numbers were small to start, the founders knew that when individuals stepped up to the plate and worked together, much could be accomplished.

Eight years later R-CALF USA is a power to be reckoned with, driven and directed by its individual members to improve the profitability of the U.S. cattle industry.

The spirit that formed R-CALF USA is alive and well as seen in the volunteer efforts of its 18,000 members nation wide. It was an enthusiastic individual in Faith, S.D., who started the roll-over calf sales, a membership-driven idea that eventually funded an office in D.C., the fight for M-COOL, and R-CALF USA's Canadian border legislation. Once again, individual members are mak-

ing a difference with fundraising strategies all members can employ.

Minnesota member Michael Kasten and Jerry Swartz, Region VII Past Director, crunched the numbers and found a previously untapped fundraising idea. R-CALF USA had great success with roll-over calf sales. But what about those folks where large group fundraisers had yet to take root? What could one person do? So was born "Sell a Calf for R-CALF."

"The thought behind it was if only 10 percent of our members contributed the check value of one calf or one cull animal, it would be over a million dollars into the funds for working for mandatory labeling, trade, and other projects," explains Swartz.

Kasten and Swartz gave their fundraising idea a test run in their home state of Minnesota, rallying local ranchers to "Sell a Calf for R-CALF," with great results. Minnesota R-CALF USA members have sold six calves thus far for a total of about

\$4200. Each donor was gifted an R-CALF USA "Demand USA Beef" mug and a one-year membership for their generosity.

"I challenge all R-CALF members to sell a calf or cull cow for R-CALF," said Swartz. "In this way we could build our budget so R-CALF can continue to work hard on the trade laws that really need to be watched in order to protect our industry, such as the WTO, NAFTA, CAFTA, and others."

Kasten and Swartz, along with an ever-growing group of Minnesota members, are now spreading "Sell a Calf for R-CALF" to North Dakota members. Meanwhile, South Dakota has come up with their own version of individual support.

Johnny Smith, a partner of Fort Pierre Livestock Auction and strong supporter of R-CALF USA, knows first-hand the power of member-driven fundraising.

"This sale barn has raised over \$30,000 since

(Continued on page 2)

Litigation Against USDA Moves Toward Final Decision

BILLINGS, MONT. (February 2, 2006) In its ongoing effort to maintain adequate import protections against the introduction of foreign animal diseases, R-CALF USA on Tuesday filed arguments with the U.S. District Court – District of Montana to support its request for oral arguments on, and full consideration of, its motion for summary judgment in the organization's litigation against USDA, specifically with regard to the agency's "BSE: Minimal Risk Regions and Importation of Commodities" rule (Final Rule).

"At this point, our case is fully briefed, and we must now wait for the District Court to review all the facts in this case and issue a decision on whether a final hearing will be held," explained R-CALF USA President Chuck Kiker. "We remain confident in our science and in our position and look forward to the Court's decision.

"USDA continues to make statements that stand in direct contradiction to the facts in the case, and, in our latest filing, we describe the surreal nature of USDA's BSE management – that is, the agency's pattern of making assertions based on limited or no evidence, and then sticking with those assertions, even in the face of solid evidence that proves USDA's assertions were incorrect," Kiker said. "For example, USDA continues to claim the Canadian ban on feeding ruminant protein to cattle is effective, even after another cow with BSE was detected just last month – a cow born 32 months after the implementation of Canada's feed ban.

"This is particularly surprising given that, in late 2004, USDA's own analysis of the risk of allowing imports from Canada relied on the fact that up until then, the BSE cases discovered among Canadian-born cattle were all in cattle that matured before Canada implemented its feed ban," Kiker pointed out. "USDA's risk analysis said if infected

cattle had been born after the feed ban, that kind of situation would be evidence the ban is not effective in preventing the spread of BSE – but, USDA apparently has forgotten that conclusion in the face of just such evidence from the latest two BSE cases in Canada.

"USDA claims the prevalence of BSE in Canada is low, and even decreasing, despite the fact that Canada is detecting diseased cattle at a rate of about one case for every 20,000 head tested," said R-CALF USA CEO Bill Bullard. "Also, the age of diseased cattle in Canada is becoming younger, indicating a growing BSE problem, not a decreasing one.

"USDA claims its Final Rule ensures that no diseased cattle can enter the United States from Canada, while simultaneously, the agency is assisting the Canadian government in a search for the offspring of this latest diseased cow – all of which are under 30 months of age and therefore eligible for export to the United States," Bullard continued.

"In addition to USDA, the Canadian government, the American Meat Institute (AMI) and the National Meat Association (NMA) – joined by the Canadian and Alberta cattle associations – have filed motions in a desperate effort to discourage the District Court from conducting a thorough probe and in-depth review of the agency's Final Rule," Bullard noted.

R-CALF USA filed an objection to these third-party efforts to prevent U.S. cattlemen's concerns from being heard.

"The previous decision in this case dealt with the issue of a preliminary injunction, which was just that – preliminary," said Bullard. "The preliminary injunction does not resolve the case on the merits, and that's why R-CALF has asked the District

Court to schedule a hearing in this matter. And now that all the written facts are before the District Court, a final hearing will provide the court the opportunity to consider, and issue a final decision on, the full merits of our case."

R-CALF is confident the events that have unfolded since the adverse decision last July by the U.S. 9th Circuit Court of Appeals – including the Food and Drug Administration's proposal to make needed improvements to the feed ban, USDA's abandonment of an age restriction for importing Japanese beef, reports from the Office of Inspector General that criticize USDA's management of BSE mitigation measures, as well as the discovery of a BSE-positive Canadian cow born years after the Canadian feed ban – all reinforce what R-CALF USA has said all along: USDA's Final Rule is premature, and additional, more stringent measures are needed before the United States should consider a relaxation of import restrictions for countries with ongoing BSE problems.

"We remain deeply concerned with USDA's stubborn refusal to respond to facts that demonstrate the inaccuracy of the agency's assumptions when it comes to protecting the U.S. cattle industry and U.S. consumers from BSE," Kiker emphasized.

Note: R-CALF USA's motions can be viewed in their entirety by visiting www.r-calfusa.com under the "BSE-Litigation" link. Please note that Exhibit 2 is the 130-page Office of Inspector General Audit Report titled: "Animal and Plant Health Inspection Service (APHIS) BSE Surveillance Program – Phase II and Food Safety and Inspection Service (FSIS) Controls Over BSE Sampling, Specified Risk Materials (SRMs), and Advanced Meat Recovery (AMR) Products – Phase III."

Fundraising... (Continued from page 1)

the first of this year. We're strong advocates for R-CALF," says Smith.

More impressive than the dollars in 2006 is the manner in which those funds are being donated. "We have lots of consigners who believe in R-CALF and voluntarily ask for money to be withheld from their checks, from \$1 to \$2000. These individuals donate because they believe R-CALF is worth the money and is working for producers."

Smith adds, "Fort Pierre Livestock Auction is getting lots of donations from folks who sold their cattle and were just tickled with their prices." Smith attributes those prices to R-CALF USA's work to keep the border closed and improve competition.

"Keep up the good work," says Smith. With supporters like this, R-CALF USA can get the job done.

"It takes money to be active on all the issues affecting our market," says Swartz. "A single person can only do so much, but with R-CALF USA members working together, we have the power to make things happen."



Photo, L to R: Les Bell, Dick Swartz, John Swartz, Dan Weise, Mrs. Eldon Weise, and Eldon Weise add to Minnesota's fundraising efforts by participating in 'Sell a Calf for R-CALF.'

Cattle Producers Support Bipartisan Legislation to Enhance Competition in Markets

BILLINGS, MONT. (February 23, 2006) U.S. cattle producers support legislation introduced Feb. 16 by Sen. Tom Harkin, D-Iowa, Sen. Mike Enzi, R-Wyo., and Sen. Craig Thomas, R-Wyo., that aims to strengthen the 1921 Packers and Stockyards Act (PSA).

Titled the "Competitive and Fair Agricultural Markets Act of 2006," the bill establishes an Office of Special Counsel, which will have the authority to investigate and prosecute violations of antitrust and market competition laws. The measure further defines the role of the Grain Inspection Packers and Stockyards Administration (GIPSA) as an enforcement and investigative agency charged with protecting agricultural producers from unfair, deceptive and discriminatory market practices.

The legislation comes just one month after the U.S. Department of Agriculture's (USDA's) Office of Inspector General issued a report that revealed GIPSA administrators had failed to initiate investigations of anti-competitive practices. The report demonstrated GIPSA administrators had blocked investigations from occurring and had inflated the number of investigations underway in its reports to Congress.

R-CALF USA Marketing Committee Co-Chair Randy Stevenson pointed to conflicting court rulings in recent months as evidence the legislation is needed.

"The courts set aside the jury verdict in the historic Pickett v. Tyson Fresh Meats cattle price-fixing trial, ignoring the economic evidence proving Tyson used captive supply cattle to manipulate markets," Stevenson said. "The judges in this case

applied their own interpretation of the PSA rather than enjoining the original intent of the law.

"In *London v. Fieldale*, the courts ruled growers must prove harm to competition in their region, not to just themselves," he continued. "The new legislation clarifies language that GIPSA and USDA officials have chosen to hide behind, and that the courts have interpreted differently than intended 80 years ago.

"When the judicial branch and the executive branch of government ignore the original intent of the PSA, it's very appropriate for Congress to step forward with legislation that clearly prohibits certain predatory market practices while clarifying the roles of the responsible enforcement agencies," Stevenson added.

The legislation comes at a time when meat packers have stepped out of the cash market, drawing on captive supply cattle to drive fed cattle prices downward. In recent weeks, packers have been successful in taking \$8 per hundredweight off the fed cattle high of \$97 by pulling from captive supply cattle to fulfill slaughter needs. So few cash transactions have occurred during this event, that market analysts and feedlot managers have little transaction information to report.

"The last three weeks are a vivid illustration that captive supplies are a critical issue to live cattle producers and independent feeders," said Ken Winter, R-CALF USA Marketing Committee Co-Chair. "Drawing on captive supply cattle gives the packers the ability to step out of the cash market and leave feeders holding the bag. USDA officials agree, but say that administrators do not have

the tools they need to deal with the issue. The new legislation is the first step in providing those tools.

"It's unfortunate that some feed yard managers are compelled to deliver cattle to the packers on a 'high of the week' arrangement, giving the packers un-priced cattle to slaughter while still trying to establish a cash market. That allows the packer to locate the weakest seller and establish a market with very few cattle," Winter explained. "Many feeders also forward-contract cattle under various programs provided by the packers, giving them even more leverage. The overall solution is to strengthen laws already in place with legislation that closes loopholes, redefines agency roles and clarifies language that's 80 years old. It's clear that the PSA needs help legislatively."

The proposed legislation would remove language in the PSA, making it easier for producers to prove unfair and deceptive market practices by packers.

"Recent actions by courts across the country have put producers on the defensive," said Enzi. "They've been forced to carry an unfair burden by being required to show the competitive harm to themselves as well as to everyone in the industry.

"This is an almost impossible situation," Enzi continued. "This bill would put fairness into the system by making it so producers only have to prove competitive harm to themselves, or for the particular case in question."

The measure will give USDA more authority to regulate poultry markets and improve protections for producers who use contracts to sell to meat packers.

Jury Trial Begins April 3 in Cattle Producers' Class Action Suit Against 'Big 4' Packers and Misreported Boxed Beef Prices

ABERDEEN, S.D. (February 22, 2006) A federal jury trial will begin here April 3 to consider claims made against the four largest United States beef packers arising out of the misreporting of the U.S. Department of Agriculture's (USDA's) boxed beef prices that occurred between April 2 and May 11, 2001.

The lawsuit was filed two and one-half years ago by three cattle producer-plaintiffs – Herman Schumacher, Michael Callicrate and Roger Koch – all of whom are proud members and staunch supporters of R-CALF USA. Each of these men sold cattle to the defendant-packing companies during the misreporting period. In June 2004, U.S. District Court Judge Charles Kormmann certified the case as a class action on behalf of all cattle producers who sold fed cattle on the cash market, or a basis affected by it, during the misreporting period to any of the four packer defendants: Tyson Fresh Meats Inc., formerly IBP Inc.; Cargill Meat Solutions, d/b/a Excel Corporation; Swift & Co., formerly known as

ConAgra Beef Co.; and National Beef Packing Co., formerly known as Farmland National Beef Packing Co. The defendants control about 80 percent of the market for beef products in this country. The trial, expected to last two weeks, follows motions by the defendants to have the case dismissed, which Judge Kormmann denied in January.

The misreporting of boxed beef prices occurred at the start of mandatory reporting of boxed beef prices, which took effect April 2, 2001. Under the mandatory reporting law, the packers must report twice daily to USDA certain cattle-price information, including prices being received by the packers for boxed beef cuts. USDA duty was to then release the price information to the public so cattle producers and other market players have accurate, up-to-date information on cattle prices to inform their business operations. During the misreporting period, the prices the packers reported contained substantial errors that actually underreported the price the packers were receiving for

boxed beef, which had the effect of depressing the prices cattle producers received for fed cattle sold to the packers during the same time period.

The reporting errors occurred in Choice and Select USDA boxed beef prices, with Choice prices underreported by between \$1 per hundredweight (cwt) to more than \$6 cwt during the period, and Select prices generally were underreported by about \$1 cwt for most of the period. The lawsuit alleges the packer defendants violated the federal Packers and Stockyard Act (PSA), which prohibits unfair and deceptive practices by packers and stockyards. The suit claims that the packers' conduct was unlawful because they knew from their internal records what prices they were receiving for boxed beef, while the sellers of fed cattle accepted lower prices for their cattle because of the inaccurately reported USDA boxed beef prices.

"These packing companies were trading on

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Primer on how to kill a market *By Daryll E. Ray, Western Farm Press*

(February 24, 2006) With last December's re-opening of the Japanese market to U.S. beef we thought that just maybe the BSE (bovine spongiform encephalopathy or mad cow disease) story was winding to a close. But our hopes were dashed with two late January announcements. A U.S. packer included spinal column material in a shipment of veal to Japan resulting in the Japanese once more closing their market to U.S. beef. The second story was the discovery of another Canadian animal with BSE.

But that wasn't the worst of it. Mixed into all of this was a case of foot-in-mouth disease on the part of a USDA official who was reported by the Japanese press to have said "that there was a higher probability of being hit by a car while going to buy beef at a store than being harmed by eating beef infected with mad cow disease." While that may be true from a statistical perspective, such a statement does not communicate any awareness of how seriously the Japanese take the problem of BSE. One can get by with ridiculing one's enemies, but that is hardly the way to treat a customer who prior to the discovery of BSE in one cow in December 2003 purchased \$1.4 billion worth of beef a year.

As we review this whole saga from its start in late 2003, it appears to us that the U.S. response to Japanese concerns has been ill-considered at best. From the beginning U.S. officials have treated the issue as if the Japanese response were a matter of trade protectionism on their part - protecting their domestic beef market - instead of treating it as a reflection of a real concern on the part of the Japanese public.

The result has been to run the risk of driving

the Japanese beef consumer into the arms of one of our export competitors—Australia. While U.S. officials did everything they could to force the Japanese to back down on their demand that every animal be tested for BSE, the Australians were moving into the market and capturing a part of the market share that had been occupied by U.S. beef producers. The wrangle lasted for nearly two years giving the Australians plenty of time to convince Japanese consumers of the quality of their product.

'Customer is right'

Much of this could have been avoided if the USDA and the U.S. meat industry had remembered the old adage, "The customer is always right," even if a majority of other market participants disagree. The traffic death toll matters little if what the customer is concerned about is BSE.

Within a month and a half of the discovery of BSE in the U.S. herd, Creekstone Farms submitted a request to USDA to be allowed to conduct private BSE testing at their plant in Arkansas City, Kan. The Japanese were willing to cover the extra testing cost and open their market to Creekstone's product. If the USDA had permitted Creekstone to test all of the animals it sent to Japan, U.S. exports could have resumed quickly giving the Australians little time to move into that market.

Instead the USDA waited six weeks before refusing Creekstone's request. In part the USDA argued that if they allowed one company to test for BSE in order to sell into the Japanese market it would force all other companies wishing to sell to the Japanese to test for BSE as well. And if it be-

came the norm a fear was that domestic consumers might begin to demand testing as well. What an interesting perspective. One company makes an innovation like painting cars red, yellow, green, and blue and pretty soon all car companies will have to do it, even though black cars work just as well as green ones and green paint is a little more expensive. Ford ignored consumer preference and ended up permanently losing market share.

Having been forced to buy other brands to get the color they wanted, consumers developed loyalties to these companies. When growing up we knew several generations of families who only bought Plymouths or Chevys or Pontiacs. Other innovations fall by the wayside like the huge fins on the back of 50s and 60s Chrysler Corp. vehicles. Consumer preference is the way the market sorts out various innovations.

Our guess is that if the USDA had quickly approved Creekstone's request the market interruption for U.S. beef would have been less than three months, giving little time for competitors to establish themselves in the market. In addition it would have signaled our attentiveness to the concerns of Japanese consumers.

Instead, we are once again at loggerheads with Japanese agricultural and trade officials - hardly a position from which we are likely to quickly recapture a market worth \$1.4 billion.

Daryll E. Ray holds the Blasingame Chair of Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and is the director of UT's Agricultural Policy Analysis Center (APAC). Daryll Ray's column is written with the research and assistance of Harwood D. Schaffer, research associate with APAC.

News Bytes

Korea-U.S. FTA -- South Korea and the United States have scheduled their first preliminary meeting to discuss a free trade agreement. The three-day meeting starts March 6th in Seoul. Agriculture will play a key role in these negotiations.

Creekstone Lobbies Japan Government -- Creekstone Farms Premium Beef CEO John Stewart spoke to Japanese lawmakers March 2. Rather than blanket approval for beef shipments, Stewart urged Japan to consider a plant-by-plant approval process. In 2004, Creekstone sought federal approval to test all of its cattle for BSE, a move that was rejected by USDA.

Swift & Co. Loses Exec -- Swift and Company's Chief Financial Officer Danny Herron will step down, effective immediately. The third largest U.S. beef producer, based in Greeley, Colorado, has announced Herron's decision to leave the Com-

pany by September 19th. His temporary successor is Bill Trupkiewicz.

New Deputy Assistant -- Agriculture Secretary Mike Johanns has appointed Peter Thomas as USDA Deputy Assistant Secretary for Administration. He's also been designated as Acting Assistant Secretary for Administration while the President's nomination of Boyd Rutherford awaits confirmation by the U.S. Senate.

Canadian Cattle Pool Falls -- According to Stats Canada, the national cattle herd has declined for the first time since 2003, easing the situation for farmers who had to feed record numbers of animals that could not be slaughtered for shipping.

Cattlemen had an estimated 14.8 million head on their farms as of January 1, 2006, a drop of about 233,000 head from the record 15.1 million head established a year earlier, says Stats Can.

However, the total was still over 1.3 million higher than levels as of January 1, 2003, before the ban on Canadian cattle resulting from mad cow disease, which crippled the nation's multi-billion-dollar cattle and beef exports for 26 months.

Mad-Cow Animal-Feed Rules May Take Effect This Year, FDA Says -- The U.S. probably will enact rules this year to ban from animal feed cattle parts most likely to spread mad-cow disease, putting into effect a proposal announced last year, regulators said.

The Food and Drug Administration will publish by July 1 its final version of revised cattle-feed rules, said Stephen Sundlof, the head of the agency's Center for Veterinary Medicine, in an interview today. The rule will take effect a short time later, perhaps within a month, he said. The FDA announced the draft rules in October.

mestic cattle industry and Rural America. Members discussed those topics with numerous Administration officials, more than 100 legislators, staff and others.

Agriculture Secretary Mike Johanns met with several R-CALF USA members, staff and leaders, as did several other U.S. Department of Agriculture (USDA) officials whose duties impact domestic cattle operations – namely USDA's Animal and Plant Health Inspection Service (APHIS), USDA's Agricultural Marketing Service (AMS), the agency's Foreign Agricultural Service (FAS), as well as USDA's Animal ID and Beef Checkoff Coordinators. R-CALF USA representatives also spent time with the administrator of USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA), the chief agriculture negotiator at the U.S. Trade Representative's (USTR's) office, and highly placed officials in the U.S. Department of Justice (DOJ).

One item Stampede participants impressed upon Congress and the Administration is the need to quickly implement Mandatory Country-of-Origin Labeling (M-COOL) for beef and other commodities.

"USDA has come a long way in making seafood labeling workable for the wholesalers and retailers," said R-CALF USA COOL Committee Chair Danni Beer, a South Dakota rancher. "Now, we need the same cooperation from USDA for the largest segment of agriculture – the cattle industry – to differentiate our product here in the United States.

"COOL is a simple, low-cost law that even the Government Accountability Office (GAO) noted would cost ranchers very little if implemented correctly," she commented.

International trade was another priority topic members addressed during the Washington Stampede, and R-CALF USA pointed out that the U.S. needs to rethink its trade policies so U.S. ranchers can start to benefit from free trade agreements (FTAs).

"Historically, the U.S. has been a global leader in agricultural trade, but we went from a \$20 billion trade surplus a few years ago to a trade deficit of nearly \$4.5 billion today – and \$3.5 billion of that drop is from cattle and beef," outlined R-CALF USA Region VII Director and Iowa Membership Chair Eric Nelson. "We need to catch up to the global changes and rethink our trade policy to make U.S. cattle producers the winners."

Competition, captive supply and other market concerns were also hot topics, according to R-CALF USA Marketing Committee Chair Randy Stevenson, of Wheatland, Wyo.

"Much was discussed on competition in light of USDA's recent Inspector General report that criticized the agency's handling of Packers and

Stockyards Act obligations," said Stevenson. "Also on the table was the amicus brief filed recently by R-CALF and 35 other cattle-producer organizations in support of the plaintiffs in the Pickett vs. Tyson case. We also talked about the recent collapse of the cattle market during high-demand times, and the continuing concentration of the U.S. packing industry."

R-CALF USA President and Region V Director Chuck Kiker, of Beaumont, Texas, spoke with several folks on the Hill about reopening the United States' Asian and Japanese beef export markets.

"Our greatest concern is being realized at this very moment, and that is policy by some groups that says you have to 'give access to gain access' – something the rest of the world is not following, and it's turning the U.S. into a dumping ground for products other countries have banned," he said. "Either we start getting trade policies harmonized, or U.S. cattle producers are headed for some tough times with the trade liberalizations being pursued in trade agreements today."

The subject of government and other industry groups adopting obstructionist policies also came up for discussion several times, according to R-CALF USA International Trade Committee Chair Doug Zalesky, of Hesperus, Colo.

"We stressed that these kinds of actions by both the government and other industry groups prohibit the U.S. beef industry from meeting requests by our Japanese customers, and it's costing the U.S. cattle industry billions of dollars," said Zalesky. "The customer is king, and at the time Japan requested their imported beef to be tested for BSE (bovine spongiform encephalopathy), Japan itself was testing all of their cattle for the disease.

"I think even here in the U.S. we expect imported product to come in under the same production standards we operate under, so the Japanese had a reasonable request," he said.

North Dakota veterinarian Richard Bowman chairs R-CALF USA's Animal ID Committee, and noted that USDA's proposed National Animal Identification System (NAIS) continues to be at the top of everyone's mind.

"The NAIS needs to be flexible and should be done in cooperation with state animal-health departments around the country, which would ensure cooperation for Animal ID without the government having to mandate a program," Bowman emphasized.

"It's great that so many R-CALF members could take the time to come to D.C. and sit down with our elected officials to explain our concerns and things we can do to create more opportunities within the U.S. cattle industry," said R-CALF USA Mississippi Membership Chair Joel Gill.



Mark Your Calendar

Upcoming Meetings and Events in Your Area

March 9, 2006 - Lamoni, Iowa - R-CALF USA CEO Bill Bullard will speak at various upcoming meetings in Iowa. The first meeting will be at 7 p.m., Thursday, Mar. 9, at the Lamoni Community Center in Lamoni, Iowa. For more information, please contact Jim Werner, Area Rancher, at 641-464-3693 or Monte Akers, Area Rancher, at 641-783-2151.

March 10, 2006 - Creston, Iowa - R-CALF USA CEO Bill Bullard will speak at various upcoming meetings in Iowa. He will speak following a dinner at 6:30 p.m., Friday, Mar. 10, at Creston Livestock Auction in Creston, Iowa. For more information, please contact Jim Werner, Area Rancher, at 641-464-3693 or Monte Akers, Area Rancher, at 641-783-2151.

March 11, 2006 - Russell, Iowa - R-CALF USA CEO Bill Bullard will speak at various upcoming meetings in Iowa. He will conclude his tour at 7 p.m., Saturday, Mar. 11, at Russell Sale Co. in Russell, Iowa. For more information, please contact Jim Werner, Area Rancher, at 641-464-3693 or Monte Akers, Area Rancher, at 641-783-2151.

March 15, 2006 - Aberdeen, S.D. - Hub City Livestock Auction, located in Aberdeen, S.D., will host an R-CALF USA fund-raiser at 1 p.m. CST, Wednesday, March 15. Ernie and Pauline Mertz, of Bowdle, will donate the calf for the rollover auction. For more information, please contact Ernie Mertz, Area Rancher, at 605-285-6568.

Food for Thought...

"Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity." ~ George S. Patton (1885-1945)

Portman recommends CAFTA implementation

by Lane McConnell, Brownfield Ag Network

(February 27, 2006) United States Trade Representative Rob Portman is urging an implementation proclamation of the Central America-Dominican Republic Free Trade Agreement in El Salvador by March 1.

The United States and El Salvador have worked to ensure the country's legislative and regulatory regime reflects the obligations and responsibilities that are outlined in the CAFTA agreement explained Portman.

The first CAFTA nation to ratify the deal was El Salvador in December 2004 and is the first country to receive recommendation from Portman. Costa Rica is currently the only CAFTA partner that has not ratified this agreement.

New President Speaks to Producers in South Dakota

MOBRIDGE, S.D. (February 23 2006) R-CALF USA President and Region V Director Chuck Kiker addressed more than 130 producers in South Dakota this month. He spoke on a host of issues facing U.S. cattle producers – everything from Mandatory Country-of-Origin Labeling (M-COOL) to the Beef Checkoff to Animal ID.

South Dakota Stockgrowers Association (SDSGA) and the Independent Beef Association of North Dakota (I-BAND), both affiliate organizations of R-CALF USA, hosted Kiker's first meeting. The second appearance was at the Dakota Radio Group's Ag Expo in Mobridge.

"To compete for consumers' beef dollars, we have to be able to compete domestically and internationally," said Kiker. "That means we have to be able to differentiate our product.

"M-COOL allows us to define the supply of U.S. beef and keep packers and retailers from importing cheaper supplies, and tells consumers when processors co-mingle imported beef with U.S. beef and sell it to unsuspecting consumers as U.S. beef," continued Kiker. "M-COOL and the ban on packer ownership also address domestic competition issues."

"M-COOL and the ban on packer ownership address the packers' leverage in the marketplace and their ability to manipulate the live cattle market," noted Kiker.

Kiker went on to discuss the Beef Checkoff.

"The Checkoff is ours, the cattle producers of the U.S., and we need to have a voice in it," said Kiker. "It is a 20-year program that needs to be updated to fit the consumer issues facing today's cattle producer.

"It is a great program. It changed the image of beef in the marketplace in the '90s," continued Kiker. "We need to be proactive in our recommendations to the Checkoff so that it will work better for producers.

"Most of our members as a whole support the concept of the Beef Checkoff," said Kiker, "while the true concern and opposition is how intertwined NCBA as a policy organization has become in the Checkoff program."

The National Animal Identification System (NAIS) was also brought forward by Kiker as an issue facing U.S. cattle producers.

"R-CALF USA has policy opposing mandatory Animal ID," said Kiker. "But cattle producers are not going to sit idly by without any input on a voluntary program that could potentially become mandatory.

"We want the states to control their own state's system," continued Kiker. "If the government is going to mandate Animal ID, then it better be open to funding it as well.

"USDA has asked producers for input on how the system should be run," said Kiker. "We are working to give USDA direction that will satisfy all

producers by incorporating existing Animal ID programs, including brand systems, and running the program through individual state animal health commissions and the Intertribal Agriculture Council."

"R-CALF supports giving producers the chance to vote on the Checkoff periodically," said SDSGA Director 7 Mike Maher. "R-CALF also supports using a portion of the proceeds of the Checkoff to promote born, raised and slaughtered U.S. beef."

"He gave an overview of where he is coming from, which is needed to establish his credibility in his new position as president," said Rod Moon, of Glenham. "I think he is going to do a great job.

"He has hands-on knowledge of how the Beef Board works," continued Moon. "He said that other states, besides the Northern Plains states, need to step up and carry the ball with funds and membership because D.C. needs to hear from cattle producers in all states.

"I think the Checkoff has been a wonderful program because it reaches a clientele nationally that we cannot reach as local and state cattlemen's groups," commented Moon. "We have to catch the housewives in Los Angeles. I would like a chance to vote on it since we need to have a program to market our product and develop new products."

R-CALF USA Stampede Was a Tremendous Success; Now for the Next Step

R-CALF USA held a Stampede Fly-in in Washington, D.C., on February 14-16, 2006. Over 70 R-CALF USA members from 20 states participated. The purpose of Stampede was to inform Congress and the Administration about the issues important to the U.S. cattle industry.

We now need your help to build additional support and momentum for the issues we brought to Washington, D.C.

During the Stampede, we distributed position papers covering the following issues: COOL, BSE, competition, trade, and animal ID.

Copies of each of these position papers separately may be found on our website. Please use the information in any or all of these position papers to write personal letters to your U.S. Senators and U.S. Representatives. Your letters will help build upon the momentum started at the Stampede and will greatly increase our chances for success on these issues during the 2006 congressional session.

Feel free to share these position papers with your congressional representatives as well as with anyone whom you think would be interested.

Tyson Foods Says 2nd-Qtr Beef Loss to Exceed \$120 Million

By Daniel Goldstein with reporting by Jeff Wilson

February 21, 2006 (Bloomberg) -- Tyson Foods Inc., said it will lose more than \$120 million in its beef business in the current second quarter, double its first-quarter loss, as tight cattle supplies and closed export markets hurt margins at the world's largest meat packer.

"Beef is still ugly," Tyson Chief Executive Officer John Tyson told investors and analysts today at a conference in Scottsdale, Arizona.

Tyson's beef operations had a \$19 million loss in its second quarter a year ago. The company earlier this month announced plans to close two Nebraska beef plants at a cost of \$46 million to stem losses.

Tyson said Jan. 30 the first-quarter loss in the beef unit, its biggest by sales, widened fourfold to \$64 million from \$16 million a year earlier, as costs for live cattle rose and beef exports remained weak because of restrictions related to mad cow disease. Tyson became the world's largest beef processor in 2001 with the acquisition of IBP Inc. for \$4.4 billion.

Japan, normally the biggest overseas customer for U.S. beef, resumed imports in December, then suspended them again on Jan. 20 after

tissue that could carry mad-cow disease was found in a shipment of veal. Japan bought \$1.4 billion in U.S. beef in 2003, before halting imports that December when a case of mad cow disease was found in Washington state.

More than 60 other countries banned U.S. beef, slashing exports valued at more than \$3.8 billion. Tyson, with 114,000 workers at more than 300 facilities, is the second-largest U.S. food company by 2004 revenue behind Kraft Foods Inc.

Springdale, Arkansas-based Tyson in January cut its 2006 forecast and projected a second-quarter loss, the first in more than five years, because of reduced exports of chicken and beef. Tyson said earnings this year will be 50 cents to 80 cents a share, down from a November projection of 95 cents to \$1.25.

"This has been one of the most volatile years we have ever seen," Tyson said today.

The shares of Tyson fell 32 cents, or 2.2 percent, to \$14.34 at 4 p.m. in New York Stock Exchange. The stock has declined 16 percent this year.

South Dakota Cattle Industry Gives Saddles to Leo and Sam McDonnell *Courtesy of SDSGA*

RAPID CITY, S.D. (February 8, 2006) Following a speech to 300+ cattle producers on January 30, 2006, during the Black Hills Stock Show, Leo and Sam McDonnell were each presented with a handmade saddle on behalf of the cattle industry in South Dakota.

The McDonnells were surprised and honored by the show of gratitude from their South Dakota friends.

"Sam and I would like to thank the Badure family, the South Dakota Stockgrowers Association and everyone else involved in this wonderful gift. It will be without a doubt one of the most special memories in both our lives." Leo McDonnell said.

South Dakota Stockgrowers Association President Rick Fox, Hermosa, S.D., said the cattle industry will never adequately thank the McDonnells for their personal sacrifice the past 8+ years that has led to the formation of the largest national organization dedicated strictly to the U.S. cattle industry – R-CALF USA.

"Not only did Leo and Sam help found R-CALF, their untiring support and leadership has lifted the U.S. cattle industry to a new level in politics – we are now a force to be reckoned with. Who would have guessed that soft-spoken, kind hearted Leo McDonnell would enlist the support of cattle producers and feeders across the country to create the most powerful producer lobbying group that Washington has seen in a long time? South Dakotans and especially the Stockgrowers are grateful beyond words for Leo and Sam's gifts of time, sincerity, knowledge and persistence."

While Fox knows that the McDonnells will remain active in R-CALF and the cattle industry for years to come, he thought the Black Hills Stock Show was just the place to thank them for the helping hand they've offered to U.S. cattle producers. "One of the first major fundraising efforts was led by a handful of South Dakotans with a booth at the Stock Show and a raffle for saddle made and donated by Baxter Badure. I know the Badure saddles have always held a special place in Leo's heart and it just seemed fitting that he and Sam each have one to ride."



Leo and Sam McDonnell pose behind their saddles, with directors of the South Dakota Stockgrowers Association and former R-CALF USA director Herman Schumacher.
Photo: South Dakota Stockgrowers Association

U.S. trade deficit hits all-time high

The U.S. trade deficit soared to an all-time high of \$725.8 billion in 2005, pushed upward by record imports of oil, food, cars and other consumer goods. The deficit with China hit an all-time high as did America's deficits with Japan, Europe, OPEC, Canada, Mexico and South and Central America.

The Commerce Department reported February 10 that the gap between what America sells abroad and what it imports rose to \$725.8 billion last year, up by 17.5 percent from the previous record of \$617.6 billion set in 2004.

It marked the fourth consecutive year that America's trade deficit has set a record as American consumers continued their seemingly insatiable demand for all things foreign from new cars to televisions and electronic goods.

www.rockymountainnews.com, 02/10/06

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- 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.

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Cattle Producers Urge U.S. Supreme Court to Review Tyson Price-Manipulation Case

BILLINGS, MONT. (February 8, 2006) Today, R-CALF USA – along with 36 local, state and tribal groups that represent independent cattle producers across the nation – jointly filed a friend-of-the-court brief asking the U.S. Supreme Court to review a recent decision by the U.S. 11th Circuit Court of Appeals (11th Circuit) on price manipulation in the meatpacking industry (*Pickett v. Tyson Fresh Meats, Inc.*).

In the brief, R-CALF USA argues that failure to review the 11th Circuit's decision could profoundly undermine the Packers and Stockyards Act of 1921 (PSA), a key component of U.S. law, which regulates market abuses by the meatpacking industry.

"This case deserves the Supreme Court's attention," said R-CALF USA President Chuck Kiker. "The PSA was enacted to rein in the worst excesses of a highly concentrated meatpacking industry at the beginning of the last century.

"The industry is again becoming highly consolidated, and today, meatpackers use increasingly sophisticated techniques to deny cattle pro-

ducers an honest price for their product," Kiker explained. "Independent cattle producers have been deeply concerned for many years over the packing industry's captive-supply practices, and a review of the Pickett case by the Supreme Court will help clarify whether these practices violate the current law, as many cattle producers believe."

The Pickett case was brought as a class-action suit on behalf of sellers of fed cattle to challenge marketing arrangements used by the nation's largest meatpacker, Tyson Fresh Meats Inc. The cattlemen plaintiffs argued that Tyson forced cattle prices lower with captive-supply contracts, which lessened Tyson's need to bid fair market value for cattle in the open market, thus giving the packer greater control over the supply and price of cattle.

In 2004, a unanimous jury found these captive-supply contracting methods violated the PSA's provisions on unfair practices and price manipulation. But the jury verdict was set aside by the trial-court judge, who found that Tyson's own business justifications defeated the PSA claim. The 11th

Circuit affirmed the trial-court judge, and the plaintiffs have now filed a petition for certiorari seeking Supreme Court review.

"The PSA has been an important law for the cattle industry for over 80 years," said Leo McDonnell, Co-Founder and Past President of R-CALF USA. "We believe the plaintiffs in the Pickett case presented a strong claim and we are hopeful that the Supreme Court will accept this case.

"Supreme Court clarification of the ongoing viability of the PSA can help ensure we have a strong and healthy cattle industry in the United States," McDonnell continued. "Just last month, USDA's own Inspector General reported the agency is failing to fulfill its duty to enforce the PSA.

"Cattle producers may face increasing difficulty in enforcing their own rights under the Act, unless the Pickett decision is accepted for review, and the bounds of the law are made clear for all," emphasized McDonnell.

Jury trial... (Continued from page 3)

inside information to reap a windfall profit at the expense of cattle producers," said plaintiff Mike Callicrate. "The packers knew both the real prices they were getting for their beef products, and the falsely lower prices being reported by USDA. Fed cattle sellers only had access to the false price information, and so were short-changed by the packers who had the true price information from their own records."

Callicrate and the other plaintiffs intend to prove at trial that the four packer-defendants caused total damages to cattle-producer class

members exceeding \$40 million.

The April trial follows on the heels of a U.S. Government Accountability Office report released in December, which shows more than half of the government's meatpacker audits revealed inaccuracies, omissions or undocumented transactions.

"That particular report raised serious questions in my mind as to whether the published price reports accurately represented true market conditions," said Schumacher, another plaintiff. "Market conditions affect how much money producers receive for their cattle."

Additionally, a January report released by USDA's Office of Inspector General (OIG) con-

cluded agency administrators had prevented employees from conducting investigations into complaints of anti-competitive activities and price manipulation by packers, and that USDA staff were falsely inflating the numbers of such investigations.

Websites worth a look

Think M-COOL has cooled off? Visit <http://www.countryoforiginlabel.org/press.htm> and check out what M-COOL opponents have to say about an issue they claim is driven by "anti-import groups." Visit this site to hear the misinformation being circulated by M-COOL opponents. Be sure to view the site's list of supporters.