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Cattlemen's Newsletter

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2007 Farm Bill Now in Halftime

by Bill Bullard, R-CALF USA CEO

(August 5, 2007) The House version of the 2007 Farm Bill is complete. Now the Senate must complete its version. After the Senate Agriculture Committee finishes its work, and after the full Senate votes on its version of the 2007 Farm Bill, a Conference Committee consisting of members from both the House and Senate Agriculture Committees will be appointed. The Conference Committee will reconcile the differences between the House version and Senate version of the Farm Bill by crafting a final 2007 Farm Bill, which must again be voted on by both the entire Senate and the entire House and placed on the President's desk for his signature.

So, we're in halftime. Let's look at where U.S. cattle producers stand now that the fight is about half over.

Considering the entire list of needed competition reforms R-CALF USA wanted, the House version of the 2007 Farm Bill is a disappointment, with one notable exception: The House version effectively answers the question of whether country-of-origin labeling (COOL) will be implemented for beef on or before September 2008. The answer to this question is now a resounding "yes".

Here's a summary of how this important question got answered: First, the meatpackers, NCBA, and the former Chair of the House Agriculture Committee Bob Goodlatte, (R-VA) devised a strategy to severely weaken COOL with a 13-page anti-COOL amendment. The Republicans on the House Agriculture Committee favored

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the amendment and they persuaded a number of southern Democrats to support their anti-COOL effort. But, their timing was off. The food safety problem associated with China was capturing national attention and organizations like R-CALF USA, National Farmers Union (NFU), and the consumer group, Food and Water Watch (FWW), were aggressively arguing that COOL would give consumers the opportunity to avoid food products from China. Just days before the 13-page anti-COOL amendment was to be offered in the House Agriculture Committee, hundreds, if not thousands of cattle producers and consumers began calling House Agriculture Committee members in support of COOL and the CNN news show "Lou Dobbs Tonight" began running a series of national news segments on COOL. These news segments featured R-CALF USA, NFU, and FWW. They were strong – very strong - and they criticized Congress for even thinking about weakening COOL. The combined effect of producer and consumer calls and the national exposure on CNN was immediate – support for the 13-page anti-COOL amendment evaporated overnight.

The Chairman of the House Agriculture Committee, Collin Peterson (D-MN), recognized the COOL tide had turned and he took the opportunity to prepare his own amendment – this time using the industry to determine how the law should be implemented without imposing an undue burden on any segment of the industry. The Chairman wanted to "tighten" the law so USDA would have less discretion to write unworkable rules, as it did back in 2003. Essentially, the amendment was to put into law the steps USDA must follow to properly implement COOL. The Chairman appointed the NFU to represent COOL supporters and the Meat and Poultry Promotion Coalition (consisting of meatpackers) to

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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.

Indications the Market is Broken

by Randy Stevenson, R-CALF USA Vice President/Region II Director, R-CALF USA Marketing Committee Co-Chair and cattle producer

One of the most difficult challenges facing cattle producers with regard to competition issues has been convincing the right people that the cattle market is not functioning the way it should. R-CALF USA has continued efforts to educate those in authority about the market power abuse in the cattle market. Unfortunately, the opposition has also engaged in the effort to convince the same people that the market is not broken.

Since the release of the Livestock and Meat Marketing Study (LMMS) performed by Research Triangle Institute (RTI) and released by the Grain Inspection Packers and Stockyards Administration (GIPSA) in February, the R-CALF USA Marketing Committee has searched through the document for indications that the market is broken. While numerous flaws were discovered in the study, there were two significant revelations underscoring the need for market reform.

The first involved sales of cattle on a grid or carcass basis. According to the study, the average price of cattle sold on a grid or carcass basis was lower than the average price of cattle sold on the hoof, after correcting for quality. R-CALF USA registered a complaint with GIPSA pointing out the problem. GIPSA's response was that the price difference was due to risk differential in the pricing methods, and declared, "no investigation...is required."

Disappointed with the inability of GIPSA to understand the issue at hand, R-CALF USA wrote to GIPSA Administrator James Link explaining that the price differential for risk in a properly functioning market would make grade and carcass based sales average a *higher* price rather than a lower one. The risk/reward relationship is the opposite of what it should be. GIPSA has not yet responded.

The second indicator of a broken market revealed in the study centers on a feature of the cattle market that LMMS calls "market access risk." Since fat cattle are a perishable commodity, they must be sold in a narrow time frame. (Volume 3 page 5-4) The LMMS observes that, "Cattle held beyond the optimal marketing period begin to decrease in value because of excessive fat gain and the rising cost of gain." Market access risk de-

scribes the possibility that there may be no market participants available to negotiate a price during that optimal marketing window. It is distinguished from price risk, which means that in an open market there is no guarantee of what price will be received.

If market access risk exists, then there is a potential limit on market access. Such a feature does not belong in a free market. The idea of a free market includes the concept of free access to the market. There is no price guarantee, but there is freedom to make bids and offers. Market access risk suggests that a potential market participant may not even have the possibility of making bids or offers.

Limited market access does not refer to those periods of time when a market is closed due to weather, national emergency, holidays, or other similar phenomena. Nor is access limited by some governmental action. Consistent with the LMMS, some participants can guarantee themselves market access while others carry the risk of non-access. Since market access risk is not a natural phenomenon, there must be someone or something that controls or limits access to the market.

In order to find who is limiting access to the market it is only necessary to follow the money. After observing that, "Transactions prices associated with forward contract transactions are the lowest among all the procurement methods," the LMMS goes on to say, "This result may suggest that farmers who choose forward contracts are willing to give up some revenue in order to secure market access and to fix the price at least 2 weeks before delivery." (Volume 3 page 2-36) Producers pay for guaranteed market access by accepting a discounted price. Packers do not pay for access. In fact, they receive a benefit from limited access by getting cattle at a lower price than they would have to pay otherwise.

The LMMS says that packers also suffer market access risk and that alternative marketing agreements (AMAs) alleviate that risk. But they don't pay for it. The only market access risk the packers endure is the possibility that another buyer

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Why Competition Reforms Are Needed in the 2007 Farm Bill

Q: Why is there an immediate need for competition reforms in the U.S. cattle industry?

A: The U.S. packing industry, now with only four firms controlling over 80 percent of the market, is controlling market access and artificially lowering prices paid to U.S. cattle producers.

Q: Who gets harmed if competition reforms are not passed?

A. The estimated 800,000 independent cattle producers who raise beef cattle and depend on a competitive market for their income will continue to be harmed, with many leaving the business, because of restricted market access and artificially low cattle prices if reforms are not passed.

Q: How are packers lowering cattle prices?

A: When the major U.S. packers consolidated their industry, they began also to control market access. Packers achieved this control by accumulating off-market cattle (known as captive-supply cattle) to meet available plant capacity, thus restricting plant access for independent producers who sell in the open market. However, the price of slaughter-ready cattle is tied to the open market – a market depressed by severe access restrictions.

Q: How have packers accumulated the off-market or captive-supply cattle that give them control over the market?

A: First, the major packers own and feed their own cattle, thus reducing the number of cattle they purchase in the open market to fill plant capacity. They also use their own cattle to control prices. When demand drives the open market higher, packers slaughter their own cattle, thus limiting access to available plant capacity and satisfying demand, causing open market prices to fall.

Second, packers use market access restrictions as leverage to encourage producers to enter forward contracts without setting a price until *after* the cattle are removed from the market. While this gives producers access to the market, it also allows packers to fill much of their available plant capacity without first having to bid or negotiate a price for cattle. This reduces the demand for cattle in the open market, resulting in lower open market prices. Packers then use the lower, open market price as the basis for pricing their un-priced, forward contracted cattle, driving all cattle prices down.

Q: If these anti-competitive practices are really going on, every farmer and rancher that sells cattle should be complaining, but not all of them are. Why is this?

A: Most of the 800,000 beef cattle producers do not sell directly to the packers, the point at which these anti-competitive practices occur. Instead, most cattle producers sell to others who feed the cattle to market weight for several months before selling to packers. Because most producers do not have a direct marketing relationship with the packers, they would not be expected to complain.

Q: If only a small percentage of the cattle farmers and ranchers are directly impacted by these anti-competitive practices, what's the big deal?

A: The price of all cattle sold by the approximate 800,000 U.S. cattle farmers and ranchers, regardless of the age of the cattle, is tied to the open market where slaughter-ready cattle are sold to packers. This open market is established by the declining number of independent feeders that sell to packers on the open market. Therefore, when packers lower the open market price for slaughter-ready cattle, they indirectly lower the price for all classes of cattle sold by all cattle producers. For example, cow/calf producers are indirectly impacted as the reduced prices for slaughter-ready cattle are partially transferred back to feeder cattle and to cow/calf producers. In addition, the risk of not being able to timely access the market drives independent feeders out of the business and increases the problem. This is why all cattlemen have an enormous stake in restoring competition to the market for slaughter-ready cattle.

Q: What is at stake here for the entire U.S. cattle industry?

A: The stakes are worth billions. For example, when packers use these anti-competitive practices to reduce slaughter-ready cattle prices by only 3.5 cents per pound (about \$42 per head), the result is a direct, annual transfer of over \$1 billion in profits from the approximate 800,000 U.S. beef cattle pro-

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Why Competition Reforms Are Needed...continued from previous page

ducers and into the hands of the four largest U.S. packers. This takes money out of U.S. cattle production areas, which tend to be economically depressed, and transfers the profits to international financial centers.

Q: Do you have evidence that shows the packers are actually using anti-competitive practices to directly lower slaughter-ready cattle prices?

A: Yes. A stark example occurred in February 2006 when all four major meatpackers – Tyson, Cargill, Swift & Co., and the National Beef Packing Co. – withdrew from the open market in the Southern Plains for an unprecedented period of about two weeks. The packers made minimal, to no, purchases in the open market, relying on their packer-owned and un-priced forward-contracted cattle to keep their plants running rather than participating in the open market. As a result of the packers shunning the open market, average prices for fed cattle fell 4.7 cents per pound (a loss of over \$56 per head) during the month of February as compared to January.

Q: Evidence is one thing, but do you have any proof that the anti-competitive practices of the packers are financially harming U.S. cattle farmers and ranchers?

A: Yes. There are two U.S. court cases in which the facts proved that packers manipulated cattle prices to the detriment of U.S. cattle producers:

In *Pickett v Tyson*, producers complained that packers used anti-competitive forward contracts to manipulate cattle prices. The jury found that producers lost \$1.28 billion as a result of the packers' practice and awarded this amount to producers. This jury award was later overturned on technical grounds, but *not* the jury's finding that the packers had indeed manipulated cattle prices.

In *Schumacher et al. v Tyson et al.*, cattle producers complained that the major packers used inaccurately reported boxed beef prices to manipulate the price of cattle they purchased from producers. The court agreed and awarded damages to the producers in the amount of \$9.25 million.

Q: What reforms are needed to restore competition in the U.S. cattle market while still preserving options for farmers and ranchers to efficiently and profitably market their cattle?

A: We need to update the 80-year-old Packers and Stockyards Act that protects cattle farmers and ranchers from unfair and deceptive practices of the packers in order to reflect today's market conditions and practices. S. 622 does this. We also need to prohibit the practice of forward contracting without a price. S. 1017 does this. And, we need to limit the practice of packer ownership of cattle long before the cattle are ready for slaughter. S. 305 does this. Finally we need to protect the open market from further erosion. S. 786 does this. This package of reforms would restore robust competition to the U.S. cattle market, thus preserving opportunity, entrepreneurship and prosperity for U.S. cattle farmers and ranchers.

Call and Fax Your Senators Beginning Sept. 4, 2007! Ask Your Neighbors to Call and Fax Too!
See pages 8 and 9 for phone and fax numbers.

- **Tell your Senators to support S. 622:** Competitive and Fair Agricultural Markets Act of 2007. To enhance fair and open competition in the production and sale of agricultural commodities.
- **Tell your Senators to support S. 1017:** Captive Supply Reform Act. To amend the Packers and Stockyards Act, 1921, to prohibit the use of certain anti-competitive forward contracts.
- **Tell your Senators to support S. 305:** To amend the Packers and Stockyards Act, 1921, to make it unlawful for a packer to own, feed, or control livestock intended for slaughter.
- **Tell your Senators to support S. 786:** To amend the Agricultural Marketing Act of 1946 to foster efficient markets and increase competition and transparency among packers that purchase livestock from producers.

COOL Victory: Our Members Made It Happen

Washington, D.C. (July 20, 2007) – The persistent hard work of R-CALF USA members who took time to contact their Representatives during the past few weeks resulted in success for independent U.S. cattle producers as the House Agriculture Committee late Thursday night kept the 2002 country-of-origin labeling (COOL) law in place, with implementation scheduled for Sept. 30, 2008.

“Only cattle born raised and slaughtered in the United States will qualify to receive the ‘Product of the U.S.’ label, and there is no doubt that our members have played a significant role in defending country-of-origin labeling, so it’s a tremendous victory for R-CALF,” said R-CALF USA CEO Bill Bullard. “Our members were successful in holding the anti-COOL amendment at bay. The opponents of COOL didn’t even file it because they knew they no longer had support for it.

“We also want to acknowledge the hard work of the National Farmers Union and consumer groups, as well as the national exposure given this issue by CNN’s Lou Dobbs and Kitti Pilgrim,” he continued. “This combination of grassroots lobbying and national attention quickly eroded the anti-COOL efforts of meatpacker trade associations such as AMI (American Meat Institute) and NCBA (National Cattlemen’s Beef Association).

“Since 2002, these groups have tried desperately to destroy COOL, but the hard work of our members and concerned consumers stopped them in their tracks,” Bullard exclaimed.

Editor’s note: We must now focus our efforts on the U.S. Senate to ensure that COOL continues to move forward toward full implementation. R-CALF USA still supports moving the implementation date up to Sept. 30, 2007, as required by S. 404.

Call & Fax Your Senators Now To get Mandatory COOL in the 2007 Farm Bill:

- **Tell your Senators to support S. 404:** To amend the Agricultural Marketing Act of 1946 to implement mandatory country-of-origin labeling requirements for meat and produce on September 30, 2007.

Interstate Shipment of Meat Included in House Version of Farm Bill Now it’s Time to Target the Senate

On July 27, 2007 the U.S. House of Representatives, by a 231 - 191 vote, approved the 2007 Farm Bill (H.R. 2419). The new Farm Bill includes provisions that allow interstate shipment of meat (H.R. 2315). There are two companion Senate versions of the interstate shipment of meat: S. 1150 or S. 1149 (simplified version of S. 1150).

- **S.1150:** New Markets for State-Inspected Meat and Poultry Act of 2007: A bill to enhance the State inspection of meat and poultry in the United States, and for other purposes.
- **S. 1149:** To amend the federal Meat Inspection Act and the Poultry Products Inspection act to authorize the interstate distribution of State-inspected meat and poultry if the Secretary of Agriculture determines that the State inspection requirements are at least equal to Federal inspection requirements and to require the Secretary to reimburse State agencies for part of the costs of such inspections.

You made Interstate Shipment of Meat happen in the House. Now it’s time to call your Senators and ask them to support S. 1150 and/or S. 1149!

USDA Continues to Jump the Gun on OTM Rule According to Evidence in Supplemental Comments

Billings, Mont. (August 2, 2007) – R-CALF USA today filed supplemental comments on the U.S. Department of Agriculture's (USDA's) proposed rule (Rule 2) to allow the importation of live Canadian cattle over 30 months (OTM) of age and products derived from Canadian cattle (Docket No. APHIS 2006-0041). The original comment period closed on March 12, 2007.

"USDA reportedly will deliver Rule 2 to the Office of Management and Budget (OMB) very soon, and R-CALF wants to make certain that the agency has reviewed critical information before proceeding with its final rule to allow the importation of older Canadian cattle into the United States," said R-CALF USA CEO Bill Bullard.

"R-CALF USA believes – because of new and compelling scientific evidence regarding BSE (bovine spongiform encephalopathy) – that USDA continues to jump the gun in its efforts to force this rule through, further exposing both the U.S. cattle herd and U.S. beef consumers to the substantially greater and unacceptable risk that BSE would be introduced into, and spread within, the United States," Bullard explained.

"In simple terms, Rule 2 makes claims that are refuted by new scientific data that demonstrate Canada's BSE prevalence is worse, and its mitigation measures less effective, than what USDA admits, and USDA continues to ignore these important findings," he asserted. "Since March 12, there have been numerous and significant developments that reinforce the already compelling need for APHIS to completely withdraw Rule 2."

Bullard said that recent publications by the Centers for Disease Control (CDC) and the World Organization for Animal Health (OIE) contain facts that are substantially different from those relied on by USDA.

"For example, the CDC found the proportion of Canadian BSE cases compared to U.S. cases was more than three times greater than what USDA assumed, and the OIE found that the feed bans implemented by the U.S. and Canada in 1997 were only 'partial implemented' feed bans that were not adequate to prevent the spread of BSE, though USDA assumed both feed bans were sufficient," he pointed out.

R-CALF USA has requested that USDA consider several new developments related to BSE, including:

1. A CDC publication that analyzed BSE testing data and found the proportion of Canadian-origin cattle detected with BSE to be 26-fold higher than the proportion of U.S.-origin cattle detected with BSE;
2. An OIE publication that states improvements are needed to both the U.S. and Canadian feed bans to adequately prevent the spread of BSE. In addition, the report recommends the U.S. prohibit specified risk materials (SRMs) in all animal feed;
3. Reports by the Canadian Food Inspection Agency (CFIA) on the two BSE cases detected after Rule 2 was published and that were born years after the Canadian feed ban. These reports reveal that numerous herd cohorts and feed co-

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Excerpt from R-CALF USA's DC COUNTDOWN e-mailed to R-CALF USA Members Aug. 7, 2007:

After last week's unfavorable decision by the House Rules Committee that disallowed consideration of the amendment by Congresswoman Barbara Cubin (R-WY) to establish a comprehensive BSE protection strategy for the U.S., while preventing the implementation of USDA's over-30-month rule, R-CALF USA contacted numerous Senate offices this week to find a champion for a similar amendment in the U.S. Senate. Five Senate offices have so far expressed a genuine interest, and R-CALF USA has been providing supporting documents to them to encourage their drafting of legislation. **(Now is the time to tell your Senator to support legislation that prevents the implementation of USDA's over-30-month rule.)**

Is the NAIS a Voluntary Act?

by Bill Kluck, South Dakota Stockgrowers Association Region 8 Director, R-CALF USA Member who participates on R-CALF USA's Animal ID Committee and cattle producer

From *Merriam-Webster's Collegiate Dictionary*:

Coerce: to restrain by force especially by law or authority; to compel to any action

Voluntary: given freely without coercion or compensation

Is the National Animal Identification System (NAIS) a voluntary act? My personal experience selling calves last October to a feeder in Wisconsin has made it clear to me that without a premise (registration) number, it will be difficult – if not impossible – to sell my calves there in the future.

Consider North Dakota where brand renewals were mailed out with a box that had to be checked if you did NOT want a premise number assigned to you. Is this truly a premises number assigned to the land? And what of Nebraska offering free vise-grip pliers to those who registered their premises?

Texas recently tried to pass regulation that required all dairy cattle within the state to have individual identification (ID) tags before they could be moved. Is this going to require a premise registration also? According to the Cooperative Agreement that most states have signed with the U.S. Department of Agriculture (USDA), it would require a premise registration.

Michigan, Wisconsin, Illinois and several other states implementing mandatory ID programs within the state also require individual identification for cattle entering those states. The action by these states limit markets to those who offer healthy cattle with proper health inspections and inspected brands (a form of group lot identification approved of in the rules set out by the USDA).

There is a requirement that 4-H and FFA kids must have a registered premise before they will be allowed to show their livestock. Are these children considered producers in the percentages put out by USDA? This requirement wouldn't be coercion by force, especially by law or authority, would it?

Several states signed Cooperative agreements with large sums of money given to those states if they signed up their producers to the voluntary animal identification system. No coercion there either, is there?

The Coleman Natural Meats (CNM) affidavit

states: "Coleman Natural Meats and or the USDA are allowed to periodically inspect the livestock premises and records." CNM can randomly test feedstuffs and water for substances/additives that are disallowed in the Coleman Natural Meats Program. Does this mean I can't sell part of my cattle as all natural and feed antibiotics to the others without fear of inspection or fines?

Now friends, the voluntary premise registration is a terrible misuse of the English language – a promotional program that has proven to be a costly disaster for our fellow producers in Australia.

I feel that a premises number is an encumbrance against the land and that it will limit market access to those who choose not to volunteer. Please think carefully before you volunteer just because of a little coercion!

Call & Fax Your Senators Now To Stop Mandatory NAIS:

- **Ask your Senators to support S. 1308:** To prohibit the Secretary of Agriculture from allowing the importation of certain cattle and beef from Canada until the implementation of country-of-origin labeling requirements.
- **Ask your Senators to oppose S. 1292:** To amend the Federal Meat Inspection Act and the Poultry Products Inspection Act to improve the safety of meat and poultry products by enhancing the ability of the Secretary of Agriculture to retrieve the history, use, and location of a meat or poultry product through a recordkeeping and audit system or registered identification, and for other purposes.

Excerpt from R-CALF USA DC COUNTDOWN e-mailed to R-CALF USA Members Aug. 7, 2007:

The Government Accountability Office (GAO) issued a report that found many weaknesses in USDA's National Animal Identification System (NAIS). Among the weaknesses was the fact that USDA has not determined the cost of its NAIS program and, therefore, has not conducted a cost/benefit analysis to determine if the benefits outweigh the costs. The report can be accessed at:

<http://www.gao.gov/new.items/do7592.pdf>

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AK	Sen Ted	Stevens	202-224-3004 phone	202-224-2354 fax
AK	Sen Lisa	Murkowski	202-224-6665 phone	202-224-5301 fax
AL	Sen Richard C.	Shelby	202-224-5744 phone	202-224-3416 fax
AL	Sen Jeff	Sessions	202-224-4124 phone	202-224-3149 fax
AR	Sen Blanche L.	Lincoln	202-224-4843 phone	202-228-1371 fax
AR	Sen Mark	Pryor	202-224-2353 phone	202-228-0908 fax
AZ	Sen John	CcCain	202-224-2235 phone	202-228-2862 fax
AZ	Sen Jon L.	Kyl	202-224-4521 phone	202-224-2207 fax
CA	Sen Dianne	Feinstein	202-224-3841 phone	202-228-3954 fax
CA	Sen Barbara	Boxer	202-224-3553 phone	415-956-6701 fax
CO	Sen Wayne	Allard	202-224-5941 phone	202-224-6471 fax
CO	Sen Ken	Salazar	202-224-5852 phone	202-228-5036 fax
CT	Sen Christopher J.	Dodd	202-224-2823 phone	202-224-1083 fax
CT	Sen Joseph I.	Lieberman	202-224-4041 phone	202-224-9750 fax
FL	Sen Bill	Nelson	202-224-5274 phone	202-228-2183 fax
FL	Sen Mel	Martinez	202-224-3041 phone	202-228-5171 fax
GA	Sen Saxby	Chambliss	202-224-3521 phone	202-224-0103 fax
GA	Sen Johnny	Isakson	202-224-3643 phone	202-228-0724 fax
HA	Sen Daniel K.	Inouye	202-224-3934 phone	202-224-6747 fax
HA	Sen Daniel K.	Akaka	202-224-6361 phone	202-224-2126 fax
IA	Sen Charles E.	Grassley	202-224-3744 phone	202-224-6020 fax
IA	Sen Tom	Harkin	202-224-3254 phone	202-224-9369 fax
ID	Sen Larry E.	Craig	202-224-2752 phone	202-228-1067 fax
ID	Sen Mike	Crapo	202-224-6142 phone	202-228-1375 fax
IL	Sen Richard J.	Durbin	202-224-2152 phone	202-228-0400 fax
IL	Sen Barack	Obama	202-224-2854 phone	202-228-5417 fax
IN	Sen Richard G.	Lugar	202-224-4814 phone	202-228-0360 fax
IN	Sen Evan	Bayh	202-224-5623 phone	202-228-1377 fax
KS	Sen Sam	Brownback	202-224-6521 phone	202-228-1265 fax
KS	Sen Pat	Roberts	202-224-4774 phone	202-224-3514 fax
KY	Sen Mitch	McConnell	202-224-2541 phone	202-224-2499 fax
KY	Sen Jim	Bunning	202-224-4343 phone	202-228-1373 fax
LA	Sen Mary	Landrieu	202-224-5824 phone	202-224-9735 fax
LA	Sen David	Vitter	202-224-4623 phone	202-228-5061 fax
MA	Sen Edward M.	Kennedy	202-224-4543 phone	202-224-2417 fax
MA	Sen John F	Kerry	202-224-2742 phone	202-224-8525 fax
MD	Sen Barbara A.	Mikulski	202-224-4654 phone	202-224-8858 fax
MD	Sen Benjamin L.	Cardin	202-224-4524 phone	202-224-1651 fax
ME	Sen Olympia J.	Snowe	202-224-5344 phone	202-224-1946 fax
ME	Sen Susan M.	Collins	202-224-2523 phone	202-224-2693 fax
MI	Sen Carl	Levin	202-224-6221 phone	202-224-1388 fax
MI	Sen Debbie	Stabenow	202-224-4822 phone	202-228-0325 fax
MN	Sen Norm	Coleman	202-224-5641 phone	202-224-1152 fax
MN	Sen Amy	Klobuchar	202-224-3244 phone	202-228-2186 fax
MO	Sen Christopher S. "Kit"	Bond	202-224-5721 phone	202-224-8149 fax
MO	Sen Claire C.	McCaskill	202-224-6154 phone	202-224-0858 fax
MS	Sen Thad	Cochran	202-224-5054 phone	202-224-9450 fax
MS	Sen Trent	Lott	202-224-6253 phone	202-224-2262 fax

MT	Sen	Max	Baucus	202-224-2651	phone	202-224-0515	fax
MT	Sen	Jon	Tester	202-224-2644	phone	202-224-8594	fax
NC	Sen	Elizabeth	Dole	202-224-6342	phone	202-224-1100	fax
NC	Sen	Richard	Burr	202-224-3154	phone	202-228-2981	fax
ND	Sen	Kent	Conrad	202-224-2043	phone	202-224-7776	fax
ND	Sen	Byron L.	Dorgan	202-224-2551	phone	202-224-1193	fax
NE	Sen	Chuck	Hagel	202-224-4224	phone	202-224-5213	fax
NE	Sen	Ben	Nelson	202-224-6551	phone	202-228-0012	fax
NJ	Sen	Frank R.	Lautenberg	202-224-3224	phone	202-228-4054	fax
NJ	Sen	Robert	Menendez	202-224-4744	phone	202-228-2197	fax
NM	Sen	Pete V.	Domenici	202-224-6621	phone	202-228-3261	fax
NM	Sen	Jeff	Bingaman	202-224-5521	phone	202-224-2852	fax
NV	Sen	Harry	Reid	202-224-3542	phone	202-224-7327	fax
NV	Sen	John	Ensign	202-224-6244	phone	202-228-2193	fax
NY	Sen	Charles E.	Schumer	202-224-6542	phone	202-228-3027	fax
NY	Sen	Hillary	Rodham Clinton	202-224-4451	phone	202-228-0282	fax
OH	Sen	George V.	Voinovich	202-224-3353	phone	202-228-1382	fax
OH	Sen	Sherrod	Brown	202-224-2315	phone	202-228-6321	fax
OK	Sen	James M	Inhofe	202-224-4721	phone	202-228-0380	fax
OK	Sen	Tom	Coburn	202-224-5754	phone	202-224-6008	fax
OR	Sen	Ron	Wyden	202-224-5244	phone	202-228-2717	fax
OR	Sen	Gordon	Smith	202-224-3753	phone	202-228-3997	fax
PA	Sen	Arlen	Specter	202-224-4254	phone	202-228-1229	fax
PA	Sen	Robert P.	Casey, Jr.	202-224-6324	phone	202-228-0604	fax
SC	Sen	Lindsey O.	Graham	202-224-5972	phone	202-224-3808	fax
SC	Sen	Jim	DeMint	202-224-6121	phone	202-228-5143	fax
SD	Sen	Tim	Johnson	202-224-5842	phone	202-228-5765	fax
SD	Sen	John R	Thune	202-224-2321	phone	202-228-5429	fax
TN	Sen	Lamar	Alexander	202-224-4944	phone	202-228-3398	fax
TN	Sen	Bob	Corker	202-224-3344	phone	202-228-0566	fax
TX	Sen	Kay	Bailey Hutchison	202-224-5922	phone	202-224-0776	fax
TX	Sen	John	Cornyn	202-224-2934	phone	202-228-2856	fax
UT	Sen	Orrin G.	Hatch	202-224-5251	phone	202-224-6331	fax
UT	Sen	Robert	Bennett	202-224-5444	phone	202-228-1168	fax
VA	Sen	John W.	Warner	202-224-2023	phone	202-224-6295	fax
VA	Sen	James	Webb	202-224-4024	phone	202-228-6363	fax
VT	Sen	Bernard	Sanders	202-224-5141	phone	202-228-0776	fax
VT	Sen	Patrick J.	Leahy	202-224-4242	phone	202-224-3479	fax
WA	Sen	Patty	Murray	202-224-2621	phone	202-224-0238	fax
WA	Sen	Maria	Cantwell	202-224-3441	phone	202-228-0514	fax
WI	Sen	Herbert H.	Kohl	202-224-5653	phone	202-224-9787	fax
WI	Sen	Russ	Feingold	202-224-5323	phone	202-224-2725	fax
WV	Sen	Robert C.	Byrd	202-224-3954	phone	202-228-0002	fax
WV	Sen	John D.	Rockefeller IV	202-224-6472	phone	202-224-7665	fax
WY	Sen	John	Barrasso	202-224-6441	phone	202-224-1724	fax
WY	Sen	Michael B.	Enzi	202-224-3424	phone	202-228-0359	fax

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Private Property Rights Committee Report

by Kimmi Lewis, R-CALF USA Private Property Rights Chair and cattle producer

August 3, 2007 The Private Property Rights Committee for R-CALF USA has stayed extra busy with multiple issues of "takings" since the first of this year. Monthly conference calls and numerous e-mails along with phone calls have kept the 12-member committee working hard. Water is the issue that the committee is hoping to work on through education and communication for the R-CALF members and neighbors. It seems as though all the "takings" issues stem around, or about, water. Cecil Garland's fight to keep the big metropolis of Las Vegas from taking his and his Utah neighbors' water, as well as the Joyce Cattle Co./LU Ranch case, are all big and important issues stemmed over water. It is a major focus of this committee to start educating all of us on water rights and how to file them. Maxine Korman of Montana keeps educating us a little at a time on the lessons she learned from Wayne Hage and Helen Chenoweth. One of the strongest points the committee can make for other R-CALF members is the way to keep your private property rights is to use them. In other words, find out what your water rights are and USE THEM.

Eminent domain is still the "buzz" word in private property rights takings. The strongly worded letter from the R-CALF USA Board of Directors to the Dept. of the Army in defense of the Colorado landowners in the Pinon Canyon Maneuver Site Expansion was a huge help. All the pressure that these groups like R-CALF have put on our elected officials has really helped. Of course, the proposal is still out there, and all landowners around military bases need to become educated on Army Compatible Use Buffer Zones and the partnerships that the Dept. of Army has. Donley Darnell of Wyoming had a successful legislative season changing some of the eminent domain laws in Wyoming. Our committee learned how different each state is with eminent domain, and we must all become vigilant in knowing what our laws are.

Listing all the private property rights groups has kept our vice chair Judy Keeler of New Mexico extra busy. Our objective was to list them and have that list ready for different requests throughout the United States. We also intend to work with most of these groups and let them know that we exist and what our goals and mission statement are. At the convention in Denver we had a list made and since then have been able to come up with even more groups that will come to the aid of private property owners. This will be a very valuable tool in the future.

Three of the newer cases that have been brought to our attention have been a National Scenic Byway in Nebraska, the Tongue River Railroad case in Montana, the eminent domain case at Oklahoma State University that Harlan Hentges is keeping an eye on, as well as another Jon Marvel case in Idaho dealing with pepper grass or slick spots. John Runkle is our member from Idaho who is keeping us updated there. All of these cases are important private property rights cases, and we hope to do what we can to help our members.

The Weekly Roundup

with **R-CALF USA**

Now posted at www.r-calfusa.com every Friday afternoon, *The Weekly Roundup* from R-CALF USA. Tune in each week to hear a 3-minute interview with various R-CALF USA leaders on our organization's issues. If your local radio station isn't airing the *Roundup* yet, contact Communications Coordinator Shae Dodson at 406-672-8969 with the station's call letters and any other contact information so she can pitch the program. If you're interested in partnering with fellow R-CALF USA members to sponsor the show, call Shae!

Op-Ed: U.S. Producers want M-COOL Implemented and Enforced Now

by Stanley Scott, R-CALF USA Mississippi Membership Chair and cattle producer

Editor's note: The following op-ed was published on Friday, July 20, 2007, in *The Daily Times Leader*, West Point, Miss.

To The Editor:

This correspondence is needed to enlighten the public that contrary to recent statements issued by the National Cattlemen's Beef Association, the American Meat Institute and other AG giants, who have and are, deceptively stating that U.S. cattle producers think that mandatory country-of-origin labeling (MCOOL) needs refining before implementation, are a gross misrepresentation of the truth. The fact is, independent U.S. cattle producers have fought for years to be able to differentiate our U.S. beef (which is far superior in quality, taste, and safety) from inferior, and oftentimes dangerous, foreign-produced beef, and this is easily accomplished by MCOOL based on the School Lunch Model.

The vast majority of U.S. producers want mandatory country-of-origin labeling implemented and enforced now, as is. Any marketing professional will readily concede that without market differentiation no premium will be received for a superior product. Are you consumers aware that less than 2 percent of the foreign beef imported into our country is inspected by the USDA, yet it is stamped with the USDA stamp? Oftentimes the beef you are buying stamped USDA is uninspected beef produced in a foreign country which may be infested with diseases such as hoof and mouth, BSE, tick fever, etcetera. Many of these countries use feeds, feed additives, and other chemicals banned to U.S. producers for the consumers' health.

The fact is, the U.S. is the largest beef-consuming country in the world, and the AG giants love procuring inferior beef from all over the world and selling it in the world's largest market, indistinguishable from superior U.S. raised and produced beef.

Recently these giant AG groups have resorted to name-calling. To quote from the *Western Livestock Journal*, the cattle producers and the 92 percent of U.S. consumers demanding mandatory country-of-origin labeling are being referred to as

"protectionist livestock producers who seek to limit competition, drive up prices for consumers." Wow, kind of makes us look like a mean-spirited, greedy bunch, doesn't it?

May I respond? So, I am being called a protectionist who wants to limit competition? Yes, I admit it. I do want to severely limit unfair competition. For proof of this, please see U.S. trade deficit numbers. Also, that I want to disadvantage foreign products. Not so. I only want those products distinguished from U.S. raised and produced beef which is so superior in quality, taste, and safety that it is the market forces that will dictate any disadvantage and not U.S. cattle producers. They say I want to drive up livestock prices. Guilty as charged. U.S. cattle producers have incurred huge cost-of-production increases the past three decades while receiving much less on a relative basis for producing the world's most superior beef. As for being accused of raising the price of beef to consumers, this is not so at all. For those price-conscious consumers, after MCOOL is implemented, the option will be available to purchase imported foreign beef for what it's worth – significantly less than U.S.-raised beef. Although, I would just as soon play Russian roulette with my family as to feed them foreign beef, of which less than 2 percent is USDA-inspected.

In light of the recent contaminated food and feed products received from China, which have killed thousands of U.S. pets, and that the Centers for Disease Control released a study last week quantifying that Canada has a rate of BSE infection 26 times that of the U.S., and that both countries' feed bans, according to the OIE (World Organization for Animal Health) are currently inadequate to control the spread of BSE, I would ask all of you to adamantly demand mandatory country-of-origin labeling now based on the School Lunch Model, which calls for all imported beef to be labeled by country of origin, and everything else is U.S. beef. It's easy. It's simple. It works. And it's the right thing to do for the health and safety of the citizens of the United States of America.

Stanley Scott, MBA
CEO of West Point Stockyard

Communications Corral

By Shae Dodson, R-CALF USA Communications Coordinator

It's been an exciting and productive month since the last *Cattlemen's Newsletter*. With the Farm Bill debate going on in D.C., there practically was a media feeding frenzy. R-CALF USA was right there in the mix, and we were able to gain significant national exposure on several issues.

I can't emphasize enough that we can't do it without *you*, our loyal members who roll up their sleeves when the call is sounded.

On July 25, R-CALF USA participated in four joint news conferences with Public Citizen and Sen. Sherrod Brown, D-Ohio, about our opposition to the pending free trade agreements with Peru, Panama, Colombia and South Korea. R-CALF USA CEO Bill Bullard represented us at the Washington, D.C., news conference, while R-CALF USA Region V Director Stayton Weldon spoke on our behalf in Austin, Texas. Craig Vejraska, a member since 1998, represented our organization at the news conference in Washington state, while Ronald Black, a member since 2005, spoke on our behalf at the news conference in New Orleans.

Several R-CALF USA members had letters to the editor published in their local papers, including the one you'll see in this edition, written by R-CALF USA Mississippi Membership Chair Stanley Scott. Also, Arizona member Peggy Monzingo was able to get an entire R-CALF USA news release on COOL published in the Arizona Range News. Please keep developing those relationships with your local editors, and please let me know if your efforts are fruitful.

Trade publications and farm broadcasters are the bread-and-butter for R-CALF, so we can't forget to thank them for the frequent updates they request from us. With the weekly interviews we provide to members of the National Association of Farm Broadcasting (NAFB), R-CALF reaches over 500 rural radio stations around the country. However, there are still plenty of rural radio stations in cattle country that are not NAFB members, so if your local station has a local news segment you listen to each morning or afternoon, please call me so I can make sure they're on my list to receive our news releases and audio.

The China situation has worked to our advantage, and we've been able to make lots of head-

way with consumer reporters and other new contacts concerned about the U.S. food supply to explain why R-CALF USA believes country-of-origin labeling of beef products is so important, and that consumers *must* be aware that the USDA inspection stamp is not a sign the product is of USA origin.

A special thanks to members who have helped to get *The Weekly Roundup from R-CALF USA* on the air at their location radio stations. R-CALF USA Nebraska Membership Chair Louis Day comes to mind, as does South Dakota member Curtis Coomes. This weekly program premiered in March and is posted at www.r-calfusa.com every Friday afternoon. It features a three-minute interview on our issues with various R-CALF USA leaders. We still need sponsors in some areas, so if you're interested in partnering up with other members in your listening area to get this done, call me.

R-CALF USA CEO Bill Bullard appeared on CNN's *Lou Dobbs Tonight* twice in July—once to discuss COOL during the House debate of the new Farm Bill, and again to address currency manipulation by trading partners, specifically China, and how it hurts not only U.S. cattle producers, but also rural communities they support.

Remember, we communicate with our members primarily via e-mail, so if you don't receive electronic correspondence from us on a regular basis, such as news releases, member alerts, etc., please call the office to give us your e-mail address.

We love to hear from our members, so call us any time!

**Visit the News Releases link
on the left-hand menu at
www.r-calfusa.com!**



Mark Your Calendar: Upcoming Meetings & Events

TUESDAY, AUG. 28 – 30 – KANSAS CITY, MO

R-CALF USA Animal ID Committee Chair Kenny Fox to represent R-CALF USA at the National Institute of Animal Agriculture (NIAA) Exposition. Bill Kluck, South Dakota Stockgrowers Association's (SDSGA) Region 8 Director and R-CALF USA Member who participates on R-CALF USA's Animal ID Committee will attend the meeting as well. (See Bill Kluck's article page 7.)

TUESDAY, SEPT. 4 – WASHINGTON, DC

Senate reconvenes. Expect to begin working on the Senate version of the 2007 Farm Bill. Start your calls and faxes now. (See articles pages 1 – 9.)

THURSDAY, SEPT. 6 – 7 – RAPID CITY, SD

R-CALF USA President/Region VI Director Dr. Max Thornsberry, R-CALF USA Private Property Rights Committee Chair Kimmi Lewis and R-CALF USA Outside Counsel, Stewart & Stewart Law Elizabeth Drake to speak at the Rushmore Plaza Holiday Inn in Rapid City, S.D., during South Dakota Stockgrowers Association's (SDSGA) annual convention. Drake is scheduled to speak at 8 a.m. MDT and Lewis is scheduled to speak at 10:30 a.m. on Thursday, Sept. 6. Dr. Thornsberry will speak at 11a.m. on Friday, Sept. 7. SDSGA is an R-CALF USA affiliate organization. For more information, contact SDSGA at 605-342-0429.

THURSDAY, SEPT. 20 – WACO, TEXAS

R-CALF USA CEO Bill Bullard to participate in a Farm Bill discussion panel at 1 p.m. CDT on Thursday, Sept. 20 at Carver Park Baptist Church located at 1701 Turner Street in Waco, Texas, during the 2007 Farm & Food Leader's Training two-day workshop. The event is open to the public and costs \$35 a person. For more information, contact Brad Stufflebeam at 979-251-9922.

FRIDAY, OCT. 12 – CHINOOK, MONT.

R-CALF USA CEO Bill Bullard will speak at 1 p.m. MDT, Friday, Oct. 12, at Bear Paw Livestock Commission Company in Chinook, Mont., during a rollover calf sale fund-raiser for R-CALF USA. R-CALF USA member Arnold Hokanson will donate a registered Hereford heifer calf to be auctioned off. Also, a 525-page paperback book, *The Uncertainties of Life*, will be auctioned off with proceeds to go to R-CALF USA.

SATURDAY, NOV. 17 – BISMARCK, ND

R-CALF USA CEO Bill Bullard is scheduled to speak Saturday, Nov. 17, during the Independent Beef Association of North Dakota's (I-BAND) convention at the AmVets Post 9 Club located at 2402 Railroad Avenue in Bismarck, N.D. The event is open to the public. I-BAND is an R-CALF USA affiliate organization. For more information, contact I-BAND at 701-422-3396.

THURSDAY, FEB. 21 – FEB. 23, 2008 – OMAHA, NEB.

"R-CALF USA: Fighting for the U.S. Cattle Producer's Prosperity – Together" is the theme for the 2008 R-CALF USA annual convention and trade show to be held at the Holiday Inn Omaha Convention Center, 3321 South 72nd Street, Omaha, Neb., Feb. 21-23, 2008. To reserve rooms, call 402-393-3950 and ask for the R-CALF USA group rate of \$96 per night. Attendee registration and details are forthcoming. For more information, contact R-CALF USA at 406-252-2516.

2007 Farm Bill Now in Halftime continued from page 1

represent the COOL opponents in a closed-door negotiation. Each side appointed a legal representative. R-CALF USA's outside counsel, Elizabeth Drake from Stewart & Stewart Law Firm, represented the COOL supporters, and the American Meat Institute (AMI) provided their attorney to represent COOL opponents.

The outcome was very favorable. Most importantly, the new amendment prohibits USDA from requiring any records from producers that are not already maintained in the normal course of business. It would specifically allow producer affidavits to verify origins of cattle. Such affidavits would be similar to those that producers have been providing to verify that they did not feed ruminant protein to their cattle. Importantly, the amendment also leaves the door open to verify cattle origins based on import markings (identifying imported cattle from brands, ear tags, and tattoos and considering all unmarked cattle of domestic origin). But, we'll have to develop this further in the Senate version to make it stick.

There remains some uncertainty regarding the language actually adopted for grandfathering all cattle in the U.S. when COOL takes effect. Initial language would have exempted all animals in the U.S. from the law as of Jan. 1, 2008. We wanted all cattle in the U.S. as of Jan. 1, 2008, to be presumed of domestic origin, unless they bore an official import marking. A "Managers Amendment" was supposed to have included a compromise – considering all cattle in the U.S. as of Jan. 1, 2008, of domestic origin, period. We're still trying to confirm if this is the actual language passed.

And so, the House version of the 2007 Farm Bill moves us forward on COOL and it also contains language to allow the interstate shipment of state-inspected beef, but it is void of any meaningful market reforms. It does not include language to establish an Office of Special Counsel to enforce the Packers and Stockyards Act (PSA), language to update the PSA so producers can seek protection against unfair and deceptive practices, or language to limit captive supplies or packer-owned cattle.

By the time you receive this newsletter, halftime may be over and we may be working full-bore to include our reforms in the Senate version of the Farm Bill. Your calls and letters to your U.S. Senators in full support of COOL and in full support of our competition reforms, particularly the reforms to address captive supplies and packer-owned cattle, should begin immediately.

Remember, we need to both educate Senators about your business and inform them on the need for the reforms. When you call your Senators and talk to their agriculture staffer, ask if your Senator would return your call so you can visit with him or her directly. The more calls they receive, the more seriously they will view our issues.

Your calls, faxes, e-mails, and letters to the editors of your local papers about the issues important to the U.S. cattle industry are having a huge impact. Keep them up!

Visit www.r-calfusa.com !

Food for Thought...

"I know of no pursuit in which more real and important services can be rendered to any country than by improving its agriculture, its breed of useful animals, and other branches of a husbandman's cares."

- George Washington

**Indications the Market is Broken
continued from page 2**

may outbid them on a particular lot of cattle. An AMA eliminates that possibility. Their only market access risk comes from competition. Since packers receive benefit from a limited access market and producers suffer financial loss from it, it is easy to conclude that packers are the ones who impose the limited access.

Since market access is limited, producers' freedom to market is currently limited. That needs

to be changed. On Wall Street, every market participant has the same access. There is no such thing as market access risk. The market is open for all at the same time. When it is closed, it is closed for everybody. Without free access, there is no free market.

Hopefully, these two glaring defects in the cattle market will gain the attention they deserve, and those in positions of authority will move the appropriate reforms forward.

**USDA Continues to Jump the Gun...
continued from page 6**

horts of the two BSE-infected cattle could not be traced, and that at least one cohort was exported from Canada. One report implies that CFIA failed to test several herd cohorts and feed cohorts before disposing of the animals and that CFIA intends to dispose of other animals without testing them for BSE.

"In 2005, USDA permanently relaxed its ban on imported beef and cattle from Canada by changing its regulations to allow both Canadian cattle under 30 months of age and beef from Canadian cattle under 30 months of age into the U.S., despite rising numbers of new BSE cases in Canada," Bullard added. "USDA now proposes to further relax its regulations to begin allowing older

Canadian cattle into the United States, despite the discovery of multiple Canadian BSE cases in animals born years after Canada implemented its partial feed ban – a clear indication that the partial feed ban did not prevent the spread of BSE in Canada.

"U.S. beef exports have been hurt because the United States has not implemented a full feed ban, and yet beef and cattle are allowed into the U.S. from Canada – a country with ongoing BSE problems – all because of USDA's desire to create a North American cattle herd instead of following its mandate to prevent foreign animal diseases from entering the United States," Bullard concluded.

Note: To view the supplemental comments go to www.r-calfusa.com.

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