

What's R-CALF USA Done for Me Lately?

Substantive R-CALF USA Activities During Past 90 Days



July 2: In response to the public announcement that JBS Swift agreed to purchase another of the nation's top 25 feedlots – McElhaneey Cattle Company in Arizona with a one-time capacity of 130,000 head, R-CALF USA sent a formal letter to the U.S. Department of Justice urging immediate antitrust enforcement action to block the merger. R-CALF USA stated that allowing JBS Swift, which already acquired the nation's single largest cattle feeding operation – Five Rivers Ranch Cattle Feeding, LLC, to also purchase another large feedlot would intensify JBS Swift's market power and harm competition.

June 30: R-CALF USA sent an "Open Letter to the U.S. Cattle Industry" to its membership and beyond to encourage every U.S. cattle producer and every Rural American to accept the historical invitation extend by the U.S. Attorney General and U.S. Secretary of Agriculture to meet with them for one-day on the campus of Colorado State University in Fort Collins, Colorado, beginning at 8:00 a.m. Mountain Time on August 27, 2010. We need 25,000 producers to be in Fort Collins holding a simple, respectful sign that states "Fix our Cattle Markets" to imprint on the minds of every Washington, D.C. decision-maker that the No. 1 priority must be to preserve and strengthen Rural America – a feat that can only be accomplished by preserving and protecting our United States' cattle-producing heritage. R-CALF USA urges every member to travel to Fort Collins on August 27 to help mark the beginning of a new direction for the U.S. cattle industry. This is a once in a lifetime opportunity! We hope you will join us.

June 30: R-CALF USA, joined with other members of the Commodity Markets Oversight Coalition (CMOC), and sent a letter to all members of Congress to urge they support the immediate passage of the recently completed conference report on HR 4173, "Restoring American Financial Stability Act of 2010." R-CALF USA stated, "This legislation will increase transparency, close down loopholes in the regulation of commodities futures markets and reduce volatility in commodity prices, which continues to wreak havoc on commercial businesses and consumers. We're now at a pivotal point to bring real reform to the American economy regarding the improvement of the commodities futures markets, and the CMOC believes this landmark legislation will benefit all American consumers and our nation's economy at large because the glaring shortcomings in our nation's commodity derivatives regulation framework must be addressed."

June 25: The Australian Beef Association flew R-CALF USA CEO Bill Bullard to Australia to be the keynote speaker at the Australian Beef Association's Beef Producers' Summit. Bullard told Australians that producers in the U.S. and in Australia must form a strategic, international alliance to prevent our respective nations from becoming even more subservient to inadequate and unacceptable rules and guidelines by the World Trade Organization (WTO) and the World Organization for Animal Health (OIE). And, such a strategic, international alliance is needed to stop the multinational beef packers from capturing more and more control over the live cattle supply chain. JBS is currently trying to acquire another major packer and feedlot operation in Australia, just as it is doing in the United States.

June 22: R-CALF USA testified in Washington, D.C. before the U.S. International Trade Commission (ITC) regarding competitive conditions in China's agricultural market and their effects on U.S. agricultural exports. R-CALF USA urged the U.S. ITC to take the following, immediate steps: 1) Reverse its recently enacted policy that has weakened U.S. disease import standards for countries with ongoing BSE outbreaks; 2) Accept China's 2006-2007 offer to partially lift its current ban on U.S. beef, thus allowing beef from cattle younger than 31 months of age; 3) Facilitate the voluntary testing for BSE by private beef packers; 4) Revise the current standard of "substantial transformation used to determine the country of origin for international trade purposes by establishing that the origin for beef and products derived from cattle shall be the country where the animal is born, raised, and slaughtered;" 5) Thoroughly assess the impacts that current trade policies and trade agreements are having on the

profitability of the U.S. live cattle industry, as well as to take into account market concentration and the perishable nature of live cattle; 6) Investigate why U.S. cattle prices have responded inversely to rising and falling exports; and, 7) Neutralize the tariff caused by China's currency undervaluation.

June 15: R-CALF USA submits comprehensive comments to the U.S. Department of Agriculture (USDA) regarding the agency's efforts to regionalize Brazil by lifting foot-and-mouth disease (FMD) restrictions for the Brazilian State of Santa Catarina. R-CALF USA provided extensive evidence to show that the USDA's "regionalization" policy, which is how the agency is trying to carve out an exception for Santa Catarina, is fundamentally flawed and dangerous. R-CALF USA 13-page comment urges USDA to immediately withdraw its rule to lift FMD restrictions and to initiate a new rulemaking to abolish its regionalization scheme.

June 13: In a memo to USDA and the Department of Justice, R-CALF USA describes the specific facts concerning a manipulative buying practice that a U.S. meatpacker recently perpetrated on a U.S. cattle feeder. R-CALF USA urged the agencies to investigate the submitted facts. R-CALF USA has been regularly providing USDA and the Department of Justice with specific evidence of inappropriate packer buying practices to assist the agencies in their ongoing investigation of lost competition in the U.S. cattle industry.

June 11: R-CALF USA assists in the formation of a new coalition, the Coalition to Protect the Health of the U.S. Livestock Herd, which consists of 34 livestock associations, consumer groups, trade groups and manufacturing interests. The Coalition issued a Q&A Factsheet on USDA's plan to lift foot-and-mouth disease (FMD) restrictions for a Brazilian state using the World Trade Organization's strategy known as regionalization. The Q&A Factsheet explains that regionalization is fundamentally flawed and results in increasing the United States' exposure to dangerous diseases without affording the U.S. with any compensation or benefits. The Coalition's Q&A Factsheet will be submitted in the USDA's rulemaking and delivered to select members of Congress.

June 9: R-CALF USA accepts an invitation by the U.S. International Trade Commission (USITC) to testify at an upcoming hearing regarding trade opportunities in China and submits a comprehensive pre-hearing brief for the hearing. R-CALF USA's pre-hearing brief explains that under the current structure of the U.S. cattle industry, the meatpackers are able to pass any losses caused by increased import supplies back to U.S. cattle producers and they are able to capture any increased profits realized from exports for themselves, without passing profits back to U.S. cattle producers. R-CALF USA's brief explained that Congress and the Administration are wrong to believe that they can reverse the contraction of the U.S. cattle industry by focusing in increased exports (which is the same strategy that has been followed for over a decade and has resulted in the exodus of hundreds of thousands of U.S. cattle producers). R-CALF USA explained that those who think the problem in the cattle industry is caused by too few exports do not understand the dynamics of the U.S. cattle market.

June 7: In response to the pressure applied to USDA by meatpackers and their allied trade association that do not want USDA or the U.S. Department of Justice to restrict the meatpackers control over the U.S. cattle market, R-CALF USA called on main street business owners across the country to identify rural banks, feed stores, implement dealers and auction yards who would be willing to visit directly with the U.S. Agriculture Secretary's office and possibly the media to provide support for the need to establish a competitive market system that is based on fairness. By having main street businesses step forward to explain the need for competition reform from an economic perspective, and having the message delivered by both cattle producers and businesses, the message becomes stronger and the opposition's voice can be overridden. R-CALF USA continues to seek additional main street business owners who are willing to speak out in favor of re-

storing competition to the U.S. cattle market.

June 1: R-CALF USA sends a formal letter to U.S. Agriculture Secretary Tom Vilsack thanking him for acting quickly to impose brucellosis testing requirements on cattle imported from British Columbia, Canada, after three Canadian cows were found to be reactors for brucellosis in a U.S. slaughtering plant. R-CALF USA urged the Secretary to further strengthen U.S. import requirements by: 1) making the brucellosis testing requirements permanent; 2) expanding the brucellosis testing requirements to include the entire country of Canada; and 3) expanding U.S. testing requirements by also requiring that all cattle imported into the United States be tested negative for bovine tuberculosis (bovine TB).

May 25-28: R-CALF USA conducts a series of producer meetings in four locations in Nebraska to reach out to U.S. cattle producers and learn what they want their rural communities to look like 25 years into the future. Organized by R-CALF USA's Nebraska State Chair, Louie Day, the meetings helped add significant depth to R-CALF USA's efforts to change the direction of the U.S. cattle industry by adding the future vision of its members as a primary reason for needing to restore competition in the U.S. cattle markets. The Nebraska members wanted more independently owned and operated cattle operations in their communities 25 years from now that that won't occur if the cattle industry continues to promote corporate ownership of livestock, feedlots, and ranching operations. By articulating a future vision, R-CALF USA can overcome the beef packing industry arguments that corporate citizens should not be restricted in their attempt to capture control over the cattle supply chain. Indeed, they must be restricted if the vision of more independently owned and operated cattle operations is to be achieved over the next several decades. In addition, the meetings resulted in the identification of new county and regional volunteer R-CALF USA chairs to help strengthen R-CALF USA's fight to change the cattle industry's direction; and, the meetings marked the kick-off of R-CALF USA's campaign to get 25,000 U.S. cattle producers and main street businesses to travel to Fort Collins, Colorado, on August 27, 2010, to participate in the joint competition hearings hosted by the U.S. Attorney General and the U.S. Secretary of Agriculture. R-CALF USA explained to the Nebraska cattle producers that August 27, 2010, will be the most important day in the history of the U.S. cattle industry and every producer must be there to send a resounding message that the U.S. cattle markets are broken and must immediately be fixed. R-CALF USA urged Nebraska cattle producers to begin organizing car pools and bus trips so 25,000 people will be in Fort Collins, Colorado, on August 27, 2010 to deliver this historical message. R-CALF USA told cattle producers that they don't need to give any speeches at the event because when 25,000 producers show up on August 27 with a simple, respectful sign that states, "Fix Our Cattle Market," the message will be effectively delivered.

May 24: R-CALF USA sends a formal letter to Agriculture Secretary Tom Vilsack urging him to reject the National Cattlemen's Beef Association's (NCBA) plan to capture more control over the Beef Checkoff program through NCBA's reorganization plans. R-CALF USA's Checkoff Committee Chair, Joel Gill, wrote on behalf of R-CALF USA members: "R-CALF USA members who pay the Checkoff believe they are underrepresented in the Checkoff program because it is unduly influenced by NCBA and we share Secretary Vilsack's concerns and support his efforts to ensure the independence of the Federation from the control exerted by any private membership organization, regardless of its Checkoff contractor status." R-CALF USA further stated that it believes NCBA's proposal will cause irreparable damage to the image, reputation and possibly the very effectiveness of the Federation, particularly in the eyes and minds of the thousands of independent producers who are mandated to fund the Checkoff program but are not NCBA members. R-CALF USA urged USDA to ensure that all Checkoff program contributors are afforded a truly independent Federation, by requiring a complete and total separation of the Federation from

NCBA, including the separation of the Federation's physical location and its "shared" employees.

May 18: R-CALF USA sends a formal letter to Agriculture Secretary Tom Vilsack alleging that USDA is deceptively railroading the cattle industry under USDA's new animal ID plan. R-CALF USA asked the Secretary why USDA is deceiving U.S. livestock producers into believing they are partners in a national effort to protect their livestock herds from the introduction and spread of disease while the agency is simultaneously pursuing a reckless course of action that actually invites foreign animal diseases into the United States. R-CALF USA listed six specific examples that demonstrate USDA is knowingly inviting imports into the U.S. that have a significant risk for the introduction of dangerous diseases such as mad cow disease, foot-and-mouth disease (FMD) and bovine tuberculosis. The letter asks the Secretary to explain why U.S. livestock producers should continue assisting your agency in making costly revisions to our historically successful animal disease control programs when evidence shows a primary purpose for such revisions is to facilitate the ongoing importation of high-risk livestock by enabling your agency to better trace diseases that USDA is deliberately allowing into the U.S. from disease-affected countries. The letter concludes by stating, "R-CALF USA desperately wants to work with you to increase the protection of our U.S. livestock herds from the introduction of and spread of animal diseases, but your agency's actions indicate USDA is deliberately exacerbating the United States' risk of animal disease exposure, which effectively disqualifies your agency as a legitimate partner to U.S. livestock producers."

May 17: R-CALF USA Director Dr. Taylor Haynes represents R-CALF USA members at USDA's public animal ID meeting held in Denver, CO. Dr. Haynes informed USDA that it is inconsistent of USDA to impose additional costs and burdens on U.S. cattle producers, on grounds that they are necessary to prevent and control diseases, while the agency knowingly and simultaneously allows the importation into the U.S. of animals with a high disease risk.

May 12: R-CALF USA formally endorses the "Restore Our Border (ROB) Security Plan" created by the Arizona Cattle Growers' Association and Southern Arizona Ranchers that requests the immediate attention and implementation by Local, State and Federal Authorities charged with securing our border with Mexico and the security of the citizens of Arizona. R-CALF USA publicly stated that Congress and the Administration must act quickly and decisively to implement the plan to protect ranch families along our southern border whose lives and property are continually threatened by drug trafficking and other unlawful border-crossing activities.

May 11: R-CALF USA Animal ID Committee Chair Kenny Fox represents R-CALF USA members at USDA's public animal ID meeting in Kansas City. Kenny Fox reinforces R-CALF USA's position that premises registration is unacceptable, only breeding-aged cattle should be considered for any additional identification, and that the bangs-type metal ear tags, back tags, brands, and health certificates already in use should continue to be used to identify cattle.

May 3: R-CALF USA sends a formal letter to Homeland Security Secretary Janet Napolitano to urge her to reverse the Department's decision to relocate veterinary research on highly contagious diseases from Plum Island, N.Y., to the heart of cattle country – Manhattan, Kan. R-CALF USA cited the FMD outbreaks that were occurring in South Korea, a country USDA said had everything in place prevent outbreaks of FMD, as evidence that USDA lacks the ability to predict not only the actual risk of FMD, but also, the capacity to measure the effectiveness of measures designed to control FMD outbreaks. R-CALF USA stated it was concerned that any action by the U.S. Department of Homeland Security to allow live FMD viruses on the U.S. mainland will result in the potential for FMD release and subsequent infection in U.S. livestock," the letter concludes. "We

implore you to reverse your decision to relocate FMD live-virus research to America's Heartland – a decision certain to increase the risk of FMD exposure to U.S. livestock," stated R-CALF USA's letter.

April 27: R-CALF USA files formal comments with the Commodities Futures Trading Commission (CFTC) regarding its proposed rule to limit speculative position limits. R-CALF USA stated the commodities futures market is fundamentally broken and no longer capable of serving as a risk management tool for U.S. cattle producers. Rather than provide true price discovery, the live cattle futures market has become a device that enhances the ability of dominant market participants to manage, if not outright manipulate, both live cattle futures prices and cash cattle prices. In its comments, R-CALF USA informed the CFTC of two types of excessive speculation that has invaded the cattle futures market: 1) the excessive speculation by one or more dominant market participants with market shares sufficient to engage in market manipulation (this can include dominant beef packers acting speculatively as discussed above or any other concentrated/dominant speculator), and 2) the excessive speculation by those without any vested interest in the underlying commodity and without any risk relative to the commodity's production or consumption (including both active and passive speculators). Both of these types of excessive speculation contribute to market distortions that are harmful to *bona fide* market participants, as well as to consumers who ultimately consume products derived from these commodities. R-CALF USA also recommended that daily market price limits be restored to levels that minimize market volatility stating that the previous daily market limit in the cattle futures market of \$1.50, which could still be adjusted upward following extended periods of limit movement, resulted in far less volatility than the current \$3.00 daily market limit.

April 26: Twenty-four farm, ranch, manufacturing, labor and consumer groups joined R-CALF USA in a collation letter to 11 members of Congress urging them to introduce and pass legislation that would prohibit USDA from lifting foot-and-mouth disease (FMD) restrictions for any country that is not completely free of FMD. The 11 targeted congressional members included both House and Senate members who previously sponsored the Foot and Mouth Disease Prevention Act of 2009, a bill that would have prohibited the Agriculture Secretary from allowing imports of fresh or chilled beef or pork from Argentina unless the Secretary first certified to Congress that every region within Argentina was free of FMD without vaccination. The letter explained that new legislation was need to stop USDA from following through with its plan to lift FMD restrictions for Santa Catarina Brazil, as well as to stop USDA from lifting restrictions for any other country not completely free of the disease.

April 22: R-CALF USA sends invitations to nearly 100 organizations asking them to participate in a coalition to protect the health of the U.S. livestock herd. In its invitation, R-CALF USA provided another draft coalition letter, this time to Congress, to urge stronger border protections to prevent disease introduction. R-CALF USA hosted the first coalition meeting with 13 organizations on April 23.

April 20: R-CALF USA sends a formal letter to Agriculture Secretary Tom Vilsack urging him to completely overhaul the agency's Hazard Analysis and Critical Control Points (HACCP) program that has facilitated increased recalls of tainted meat. R-CALF USA pointed out that USDA continues to ignore the source of meat contamination (the plant where the animal was slaughtered and where fecal material contaminated the meat) and, instead, is placing blame on downstream processors that could not possibly have caused the contamination. R-CALF USA stated that corrective actions must be implemented at the source-slaughtering plant (origin) of contaminated meat, rather than at destination plants, which essentially are powerless over the sanitation conditions at their source-slaughter providers. R-CALF USA expressed concerned that small, inspected plants,

which are vital to livestock producers across America, will quickly disappear if the HACCP program is not reformed.

April 19: R-CALF USA sends a formal letter to Agriculture Secretary Tom Vilsack asking him to clarify and confirm that the agency is not continuing to support the NAIS-based premises registration. R-CALF USA provided the Secretary with a copy of a recent cooperative agreement application from the state of Arkansas in which funding for premises registration was the primary reason Arkansas was asking for funding. R-CALF USA further asked the Secretary whether USDA had approved any similar requests for funding premises registration in other states and stated that if such action had occurred, it would be in direct contradiction of USDA's announcement that it was striking off in a new direction to improve animal disease traceability.

April 19: R-CALF USA sends a formal letter to Senators serving on the U.S. Senate Agriculture Committee in support of reforms that would restore the cattle futures market to its original purpose of affording U.S. cattle producers a useful marketing tool void of distortion and manipulation by certain speculators and other dominant market participants. R-CALF USA stated it supports legislation that would 1) specifically authorize the CFTC to make it unlawful for dominant beef packers to engage in speculative short selling of the market to effectively drive down both futures prices and cash cattle prices; 2) ensure that the live cattle futures market is dominated by physical hedgers, which can be accomplished by imposing aggregate speculative position limits across all markets, as imposing such aggregate speculative position limits across all markets would also curb the commodity indexing strategies of large institutional investors, whose strategies severely distort futures market price discovery. In addition, R-CALF USA stated that speculative position limits should be established by physical hedgers, the CFTC should be directed to restore daily market price limits to levels that minimize market volatility and should reform the practice of allowing cash settlements on futures contracts in lieu of actual delivery of the commodity, a practice that effectively lowers the cattle futures price on the day of contract expiration.

April 13: After circulating a letter it drafted to numerous organizations, R-CALF USA and 31 other groups sent the final joint letter to USDA, USTR, Congress, and to State Veterinarians urging the immediate abandonment of USDA's plans to relax foot-and-mouth disease (FMD) restrictions for the Brazilian state of Santa Catarina. The letter calls the agencies' plan to relax FMD restrictions on Brazil through regionalization "fundamentally flawed and extremely dangerous." Regionalization is a concept advocated by the OIE that carves out regions within an FMD-affected country and designates the carved-out region free of the disease. The letter explains that the United States avoided 'by sheer luck' a heightened risk of FMD exposure when the U.S. attempted to regionalize Uruguay before Uruguay was determined to be free of FMD, which is what the agencies are now planning for Brazil. The letter states that within about four months of USDA's determination that Uruguay could be safely regionalized, "there were 1,596 new cases of FMD confirmed in 18 separate departments (states) in Uruguay."

April 9: R-CALF USA holds a meeting with the staff of Senator Jon Tester (D-MT) and, in addition to discussing current cattle industry concerns, provided the top three priorities that R-CALF USA had personally communicated to Agriculture Secretary Tom Vilsack over one year ago, in February 2009. Those priorities included: 1) Restore previously weakened U.S. disease protections by first reversing the over-30-month rule. 2) Take immediate steps to end the anticompetitive marketing practices of concentrated meatpackers by prohibiting the use of captive supplies. And, 3) restore USDA's mission regarding foreign animal diseases to that of prevention, not management, by first ceasing all efforts to implement a NAIS.