

Fighting for the U.S. Cattle Producer!



R-CALF

USA

Presentation to Edward Avalos, USDA Under Secretary for Marketing and Regulatory Programs, and John Ferrell, USDA Deputy Under Secretary for Marketing and Regulatory Programs

The Debilitating Effects of Recently Weakened U.S. Livestock Disease Protections: A Call for Immediate Reform

Presented by

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December 17, 2009

The United States Is the Largest Beef Producer and Largest Beef Consumer in the World

*Our Reputation of Producing the Healthiest Cattle and
the Safest, Most Wholesome Beef Is Contingent on
Maintaining the Highest Possible Health and Safety
Standards, But . . .*

**The United States Has Weaker
BSE Import Standards for Beef
than Most Major Beef Importing
Countries**

U.S. Has Weak BSE Import Standards for Beef

BSE STANDARDS OF MAJOR BEEF IMPORTING COUNTRIES

Country	Age Restriction	Specified Risk Material (SRM) Definition	Commodity Restrictions
Japan	20 months or younger	Head (excluding tongue and cheek meat), palatine and lingual tonsils, spinal cord and dura matter, distal ileum, vertebral column, and dorsal root ganglia.	No ground beef, processed beef, head meat, finely textured beef, or mechanically separated meat.
Korea	Under 30 months	Skull, brain, eyes, distal ileum, tonsils, spinal cord, vertebral column.	Cattle must be born and raised in the United States, or imported from a country deemed eligible by the Korean government to export beef or beef products to Korea, or raised in the United States for at least 100 days. Traceback records must be maintained for at least 2 years. No mechanically recovered meat or mechanically separated meat.
Mexico	Under 30 months	Skull, brain, eyes, tonsils, spinal cord, and small intestine.	No ground meat, feet, sweetbreads, weasand meat, or head meat.
Hong Kong	Under 30 months	Skull (including brain, eyes and trigeminal ganglia), tonsils, spinal cord, dorsal root ganglia (with the vertebral column) and intestine.	No ground beef. No bone-in beef, edible offal, or beef derived from advanced meat recovery systems.

Source: USITC Publication 4033, September 2008, 4-9.

U.S. Has Weak BSE Import Standards for Beef

BSE STANDARDS FOR ADDITIONAL TOP BEEF IMPORTING COUNTRIES

Country	Age Restriction	Specified Risk Material (SRM) Definition	Commodity Restrictions
Taiwan	Under 30 months	If slaughtered before Nov. 1, 2009: brain, skull, eyes, trigeminal ganglia, spinal cord, vertebral column (excluding the vertebrae of the tail, the transverse processes of the thoracic and lumbar vertebrae, and the wings of the sacrum), dorsal root ganglia, the tonsils and the distal ileum of the small intestine. FSIS regulations apply after Nov. 1, 2009.	Cattle must be born and raised in the United States, raised in the United States for at least 100 days prior to slaughter, or legally imported into the United States from a country deemed eligible by Taiwan to export deboned beef to Taiwan. Beef or beef products of cattle from Canada fed less than 100 days prior to slaughter in the United States is limited to deboned beef derived from animals less than 30 months of age.
Vietnam	Under 30 months	Brain, skull, eyes, trigeminal ganglia, spinal cord, vertebral column (excluding the vertebrae of the tail, the transverse processes of the thoracic and lumbar vertebrae, and the wings of the sacrum) and dorsal root ganglia and the tonsils and distal ileum of the small intestine of any cattle regardless of age.	The meat does not contain advanced recovery meat or mechanically separated meat.
Russia	Under 30 months	Brain, spinal cord, eyes, skull, and vertebral column regardless of the age of the animal.	The beef and beef byproducts must be derived from cattle raised in the United States. Ground red meat, packaged in bulk form or in the form of meat patties, is prohibited.
United Arab Emirates	Under 30 months		Ritual: Islamic Halal Slaughter requirements apply.
Singapore	Under 30 months	Tonsils, distal ileum, brains, eyes, spinal cord, skull and vertebral column must be cleanly removed from products shipped to Singapore without contamination of the meat.	Only Fresh/frozen <u>boneless</u> beef derived from animals less than 30 months of age is eligible. Beef derived from cattle imported from Canada is not eligible.

Source: USDA, FSIS, Index of Export Requirements for Meat and Poultry Products, undated, (accessed Dec. 14, 2009).

**The United States Has Weaker
Disease Import Standards for
Cattle than Many, If Not Most,
Cattle Importing Countries**

BSE Age Restrictions

COUNTRIES WITH STRICTER THAN U.S. AGE REQUIREMENTS FOR IMPORTING CANADIAN CATTLE

COUNTRY	AGE RESTRICTIONS ON CANADIAN CATTLE
Algeria	Cattle must be less than 36 months of age
Barbados	Cattle must be born after Dec. 31, 2003
Egypt	Slaughter cattle must be less than 24 months of age
European Union	Cattle must be born after date of last indigenous BSE case
Lebanon	Cattle must be under 30 months of age
Republic of Croatia	Cattle must be born after date of last indigenous BSE case
South Korea	Cattle must be born two years after effective enforcement of feed ban
Switzerland	Cattle must be born after date of last indigenous BSE case
Tunisia	Cattle must be born after July 1, 2001

Source: Canadian Food Inspection Agency Export Program, Veterinary Health Certificates, Bovine, available at <http://www.inspection.gc.ca/english/anima/heasan/export/bovine/bovine.shtml>

Restrictions on Cattle Type

COUNTRIES WITH GREATER THAN U.S. RESTRICTIONS ON THE TYPE OF CATTLE IMPORTED FROM CANADA

COUNTRY	RESTRICTIONS ON CANADIAN CATTLE TYPE
Algeria	Breeding cattle only
Lebanon	Slaughter cattle only
Mexico	Breeding cattle only
Republic of Serbia	Breeding cattle only
Russia	Breeding cattle only
South Korea	Bulls only
Tunisia	Heifers and "Fattening" cattle only
Ukraine	Breeding cattle only

Source: Canadian Food Inspection Agency Export Program, Veterinary Health Certificates, Bovine, available at

<http://www.inspection.gc.ca/english/anima/heasan/export/bovine/bovine.shtml>

Origin Requirements

COUNTRIES WITH STRICTER THAN U.S. ORIGIN REQUIREMENTS FOR CATTLE IMPORTED FROM CANADA

COUNTRY	ORIGIN REQUIREMENTS
Algeria	Must be born and raised in Canada
Barbados	Must be born and raised in Canada
Egypt	Slaughter cattle must be born and raised in Canada
Kazakhstan	Must be born and raised in Canada
Mexico	Must be born in Canada or from the U.S.
Morocco	Must be born and raised in Canada
Republic of Serbia	Must be born and raised in Canada
Russia	Must be born and raised in Canada
St. Pierre and Miquelon	Must be born and raised in Canada
Tunisia	Must be raised in Canada
Uzbekistan	Must be born and raised in Canada

Source: Canadian Food Inspection Agency Export Program, Veterinary Health Certificates, Bovine, available at <http://www.inspection.gc.ca/english/anima/heasan/export/bovine/bovine.shtml>

Testing Requirements for Other Diseases

COUNTRIES WITH STRICTER THAN U.S. TESTING REQUIREMENTS FOR CATTLE IMPORTED FROM CANADA

COUNTRY	MANDATORY TESTING REQUIRED FOR TB AND BRUCELLOSIS
Algeria	Yes
Barbados	Yes
Egypt	Yes
Jordan	Yes
Kazakhstan	Yes
Mexico	Yes
Morroco	Yes
Republic of Croatia	Yes
Republic of Serbia	Yes
Russia	Yes
St. Pierre and Miquelon	Yes
South Korea	Yes
Trinidad and Tobago	Yes
Tunisia	Yes
Ukraine	Yes
Uzbekistan	Yes

Source: Canadian Food Inspection Agency Export Program, Veterinary Health Certificates, Bovine, available at <http://www.inspection.gc.ca/english/anima/heasan/export/bovine/bovine.shtml>

In Return for Having Among the Weakest of Disease Import Standards, the U.S. Cattle Industry Is:

- Subject to a Scientifically Determined, Increased Risk of Introducing BSE into the U.S. Cattle Herd, which Presents a Hazard to both Livestock and Humans.
 - USDA's risk modeling for its over-30-month rule (OTM Rule) predicts the U.S. would import between 19 and 105 BSE-infected cattle from Canada, which would subsequently produce BSE infections in 2 to 75 U.S.-born cattle over a 20-year period. (See 72 Fed. Reg., 1109, col. 2; 72 Fed. Reg., 53347, col. 1.)

In Return for Having Among the Weakest of Disease Import Standards, the U.S. Cattle Industry Is:

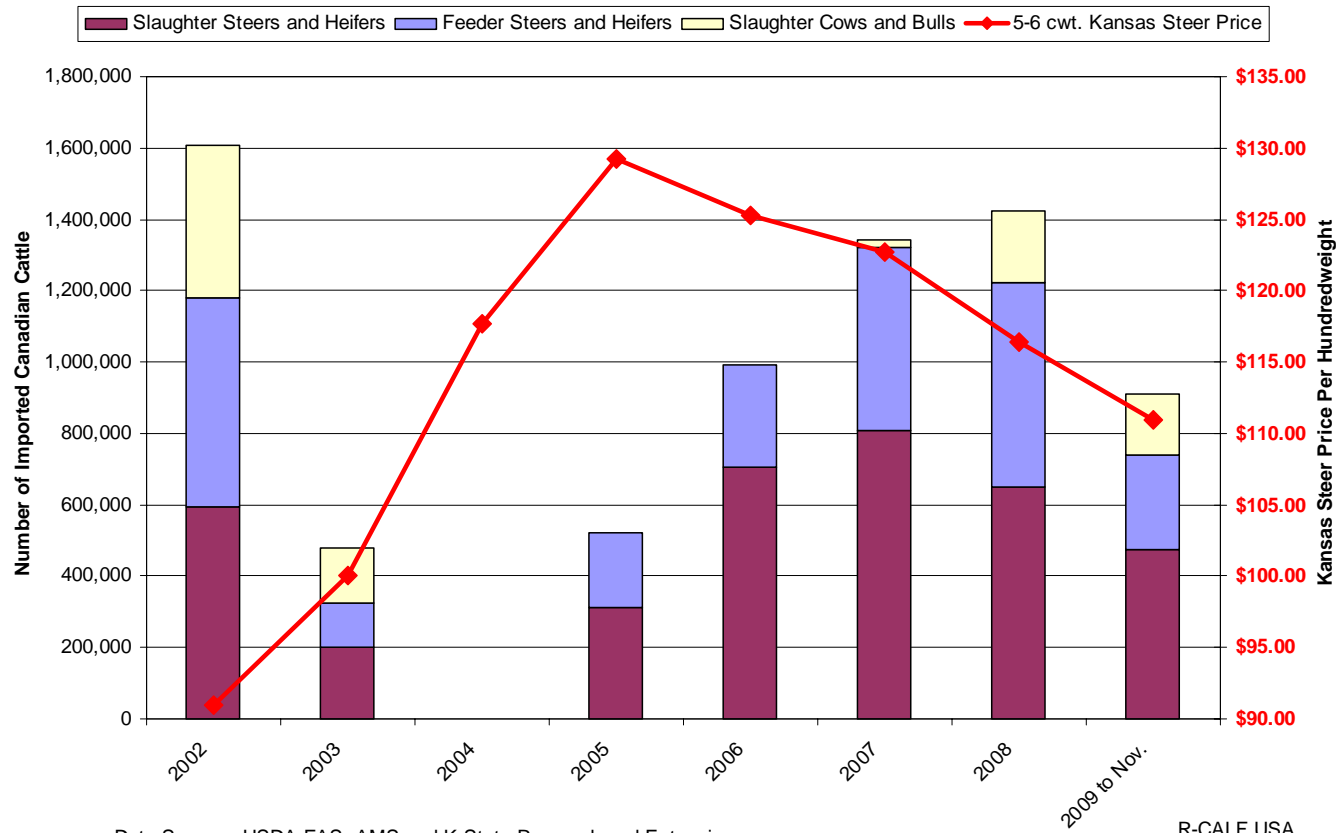
- Suffering from the Continual Reintroduction of Other Dangerous Diseases Into the United States.
 - The USDA's Office of Inspector General (OIG) reported in 2006 that 75 percent of bovine TB cases detected during the previous five years by U.S. slaughter surveillance originated in Mexico and were detected in 12 U.S. states. The OIG explained that because Mexican cattle spend many months on U.S. farms and ranches prior to slaughter, each bovine TB case is potentially spreading the disease in the United States. In addition, the OIG stated, "Until additional controls are added, APHIS cannot reasonably expect to achieve its goal and eradicate TB when it is being imported into the United States each year. (See OIG Report No. 50601-0009-Ch, September 2006, at iii, 19, 20.)"

In Return for Having Among the Weakest of Disease Import Standards, the U.S. Cattle Industry Is:

- Suffering Significant Financial Losses Resulting from the Importation of Higher-Risk Canadian Cattle.
 - USDA estimates that the *cost to U.S. cattle producers*, for the privilege of being exposed to a heightened risk for BSE from Canadian cattle and beef, would be over *\$66 million per year* (or approx. \$1.3 million each week), for which no compensation can be obtained from anyone. (See 72 Fed. Reg. 53,356, col. 1.)

Correlation Between U.S. Calf Prices and Increased Imports of Canadian Cattle

Relationship Between U.S. Calf Prices and Canadian Live Cattle Imports



Consumers Both Here and Abroad Know that Canada Has a Higher BSE Risk

- **The U.S. Centers for Disease Control and Prevention (CDC) states:**

“The previously published best estimate of Canada’s BSE prevalence in 2006 using the BSurveE model was 23-fold higher than that of the United States and is the estimate of the BSE prevalence in Canada that continues to be used in the Harvard Risk Assessments’ “worst case” analyses when evaluating the risk of imported Canadian cattle causing BSE to spread among US animals.” (emphasis added).

“As of May 2009, 17 BSE cases in Canadian-born cattle have been identified, 16 in Canada and 1 in the United States. Eleven of these 17 BSE cases were known to have been born after the implementation of the 1997 Canadian feed ban; ten of these eleven were born after March 1, 1999.”

<http://www.cdc.gov/ncidod/dvrd/bse/>

“To reduce any risk of acquiring vCJD from food, concerned travelers to Europe or other areas with indigenous cases of BSE may consider either avoiding beef and beef products altogether or selecting beef or beef products, such as solid pieces of muscle meat (rather than brains or beef products like burgers and sausages), that might have a reduced opportunity for contamination with tissues that may harbor the BSE agent.”

http://www.cdc.gov/ncidod/dvrd/vcjd/risk_travelers.htm

Numerous Countries that Accept U.S. Beef Continue to Ban Canadian Beef

U.S. EXPORT MARKETS CLOSED TO CANADIAN BEEF

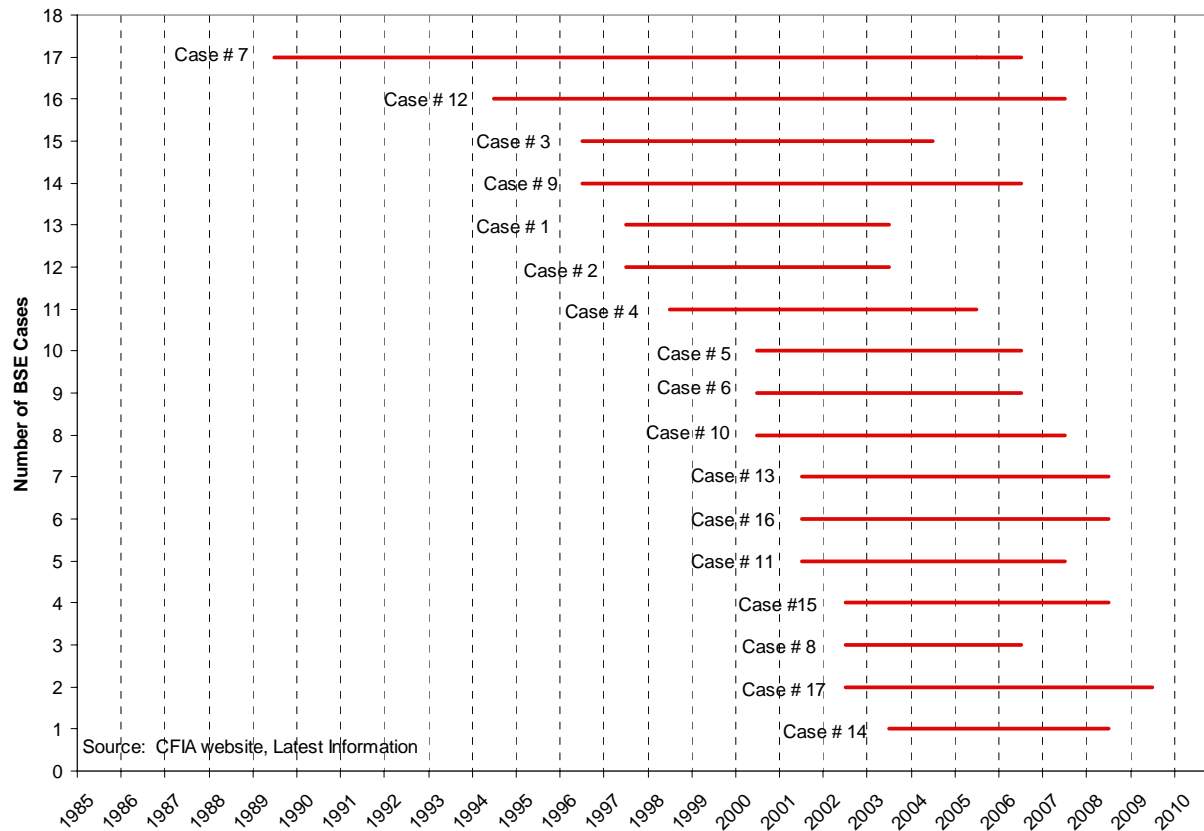
The following 13 countries accept U.S. beef exports; but, according to information provided by the Canadian Food Inspection Agency, these countries continue to ban Canadian beef:

Chile
Colombia
Dominican Republic
Haiti
Jamaica
Jordan
South Korea
Kuwait
Malaysia
Peru
Saint Lucia
Singapore
Ukraine

Sources: USDA, FSIS, Index of Export Requirements for Meat and Poultry Products, undated, (accessed Dec. 14, 2009).
Canadian Food Inspection Agency, Summary of the Situation with Foreign Markets relative to BSE as of February 17, 2009 (latest available information), available at
<http://www.inspection.gc.ca/english/fssa/meavia/man/ch11/annexre.shtml>.

Incubation Periods Have Not Lengthened in Canada as In Europe, Where BSE Spread Is Thought to be Under Control

Lifespans of Known BSE-Positive Canadian-Born BSE Cases

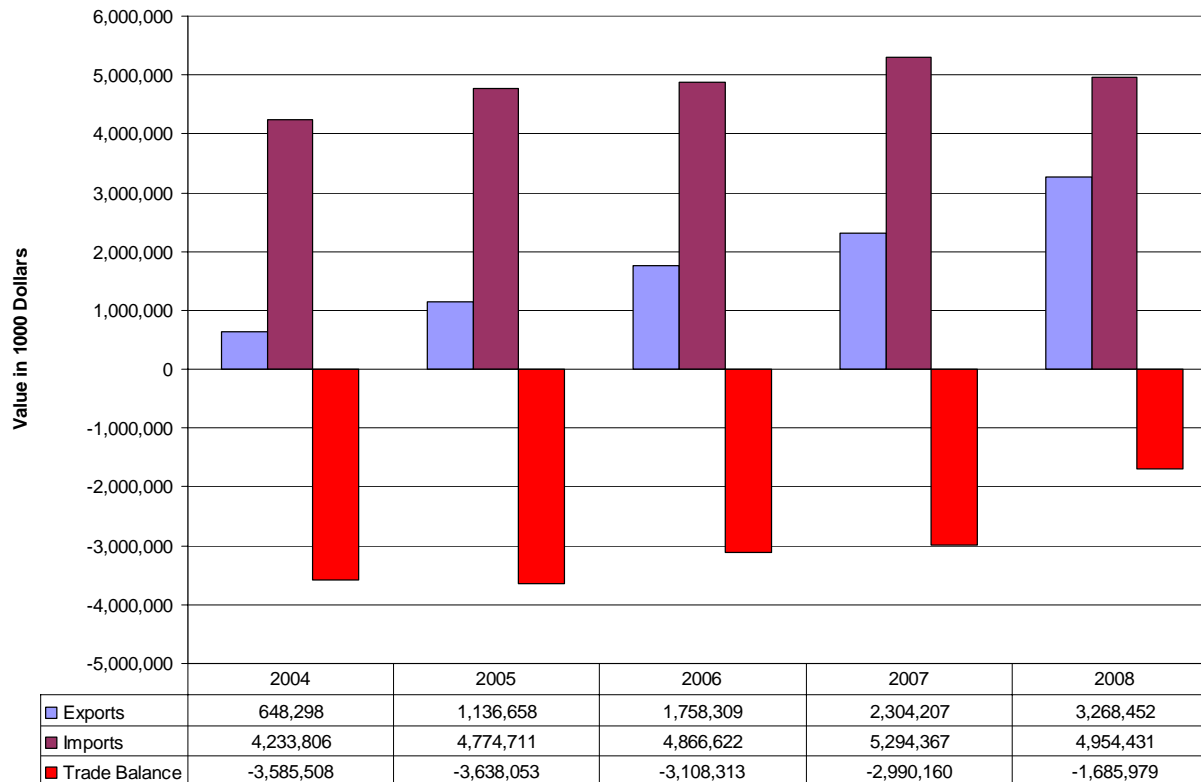


In Return for Having Among the Weakest of Disease Import Standards, the U.S. Cattle Industry Is:

- **Suffering a Horrific Global Trade Deficit in the Trade of Cattle, Beef, Beef Variety Meats and Processed Beef.**

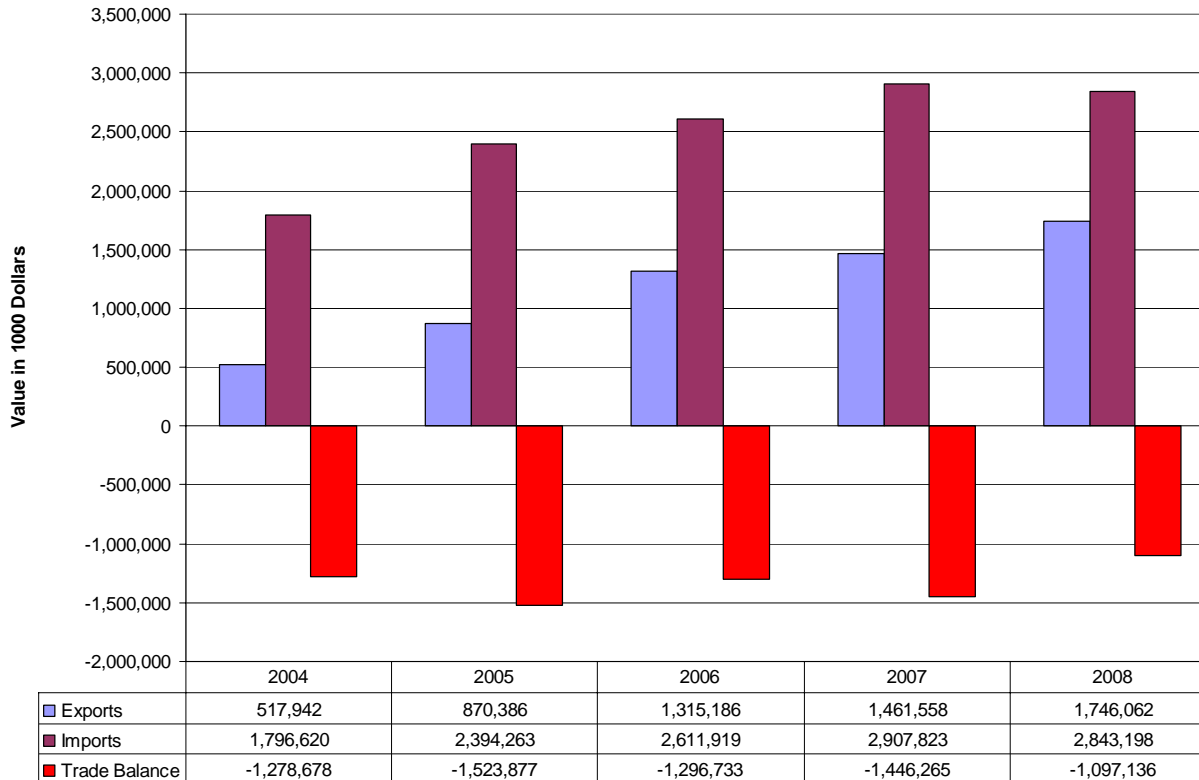
Horrorific Global Deficit in Trade of Cattle, Beef, Beef Variety Meat and Processed Beef

U.S. Global Trade Balance
Live Cattle, Beef, Beef Variety Meat, Processed Beef
R-CALF USA, Oct. 27, 2009



Trade With Canada and Mexico Contributes More than Half to the U.S. Trade Deficit

U.S. Trade With Canada and Mexico
Live Cattle, Beef, Beef Variety Meat, Processed Beef
R-CALF USA, Oct. 9, 2009

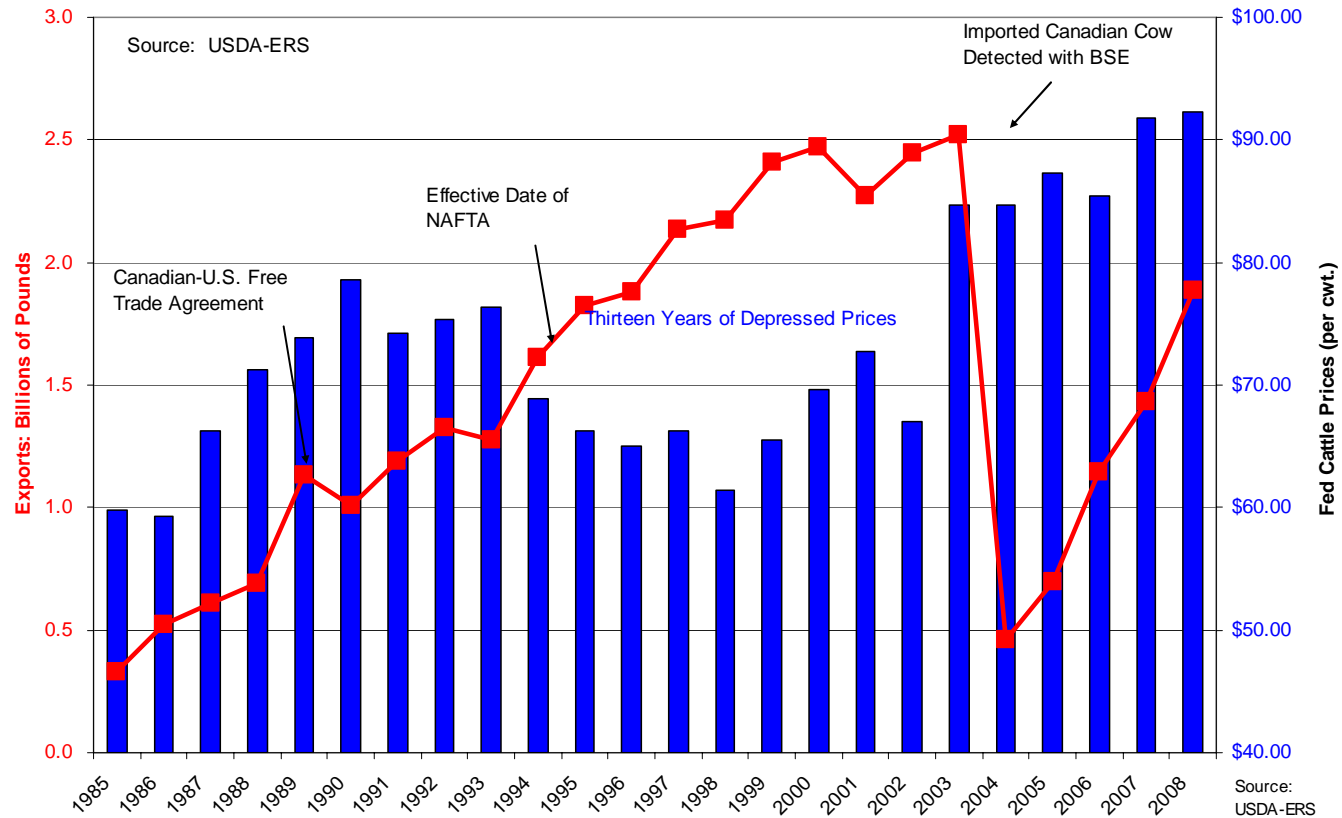


Using Weaker U.S. Disease Import Standards to Leverage the Reopening of Export Markets Is Deplorable

- USDA Has a Duty to Prevent the Introduction of Dangerous Diseases Into the U.S. (see 7 U.S.C. §§ 8301 (1), 8303 (a)(1)) and Performance of that Duty Is Essential to Restoring the United States' Lost Reputation of Maintaining the Healthiest Cattle Herd in the World, which Reputation Was the U.S. Cattle Industry's Competitive Advantage

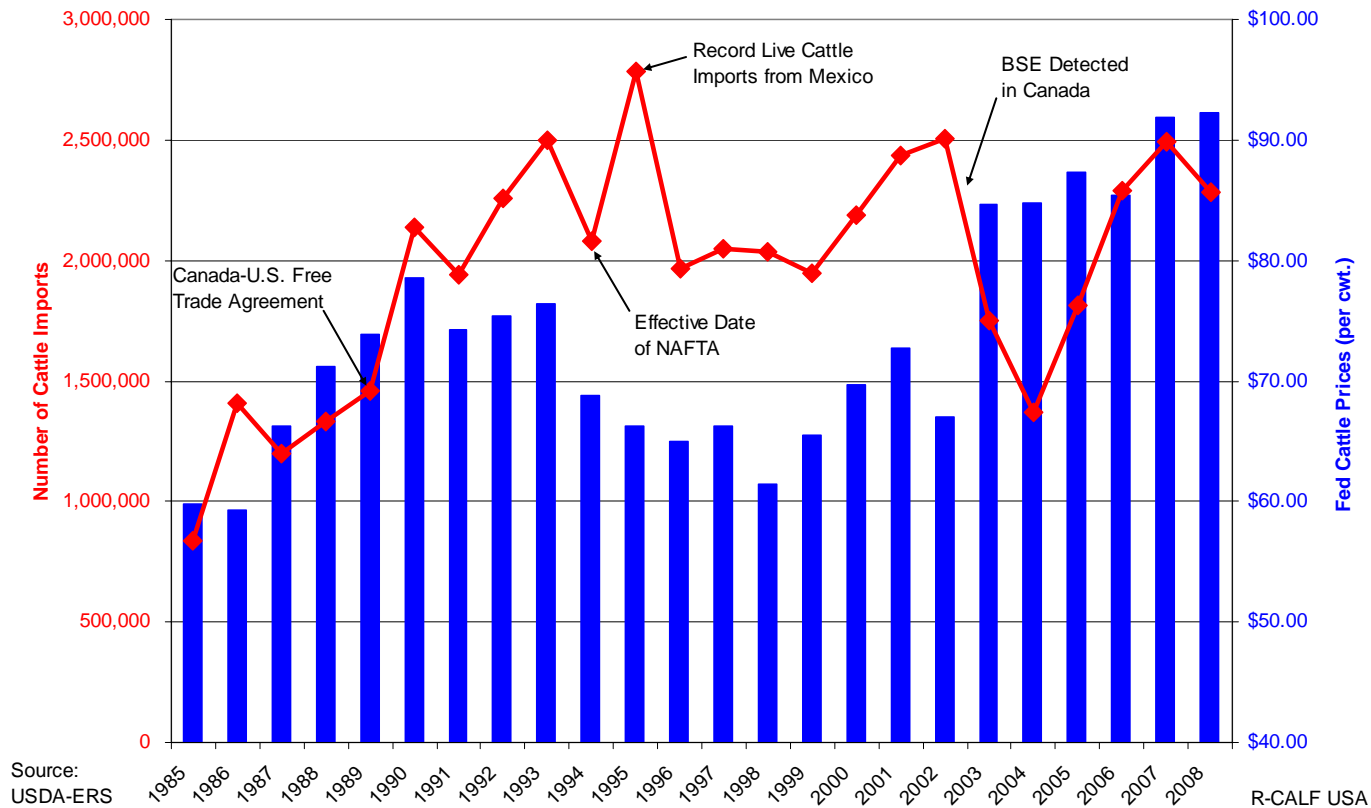
History Shows that Increased Exports Are Insufficient to Stimulate Live Cattle Prices Paid to Farmers and Ranchers

Relationship Between Export Volumes and Fed Cattle Prices



Long-Run Domestic Price Depression Coincides with Increased Cattle Imports that Have Recently Introduced TB and Classical BSE into the United States

RELATIONSHIP BETWEEN CATTLE IMPORTS AND FED CATTLE PRICES



The Solution Is To Address The Problem, Not The Problem's Symptoms

- The problem's symptoms include loss of consumer confidence in the health and safety of U.S. cattle and beef products, reduced consumption of U.S. beef, severe restrictions on U.S. beef exports, and depressed prices for U.S. cattle farmers and ranchers.
- The problem is that the U.S. maintains disease import standards that are too weak to prevent the introduction of dangerous diseases, and everyone knows it.

The Solution

- USDA Must Restore for U.S. Livestock, Livestock Producers, and the People of the United States Its Previously Weakened Disease Import Restrictions and Endeavor to Achieve the Highest Possible Level of Protection Against the Introduction and Spread of Animal Diseases.

Priority Action: In Descending Order of Priority

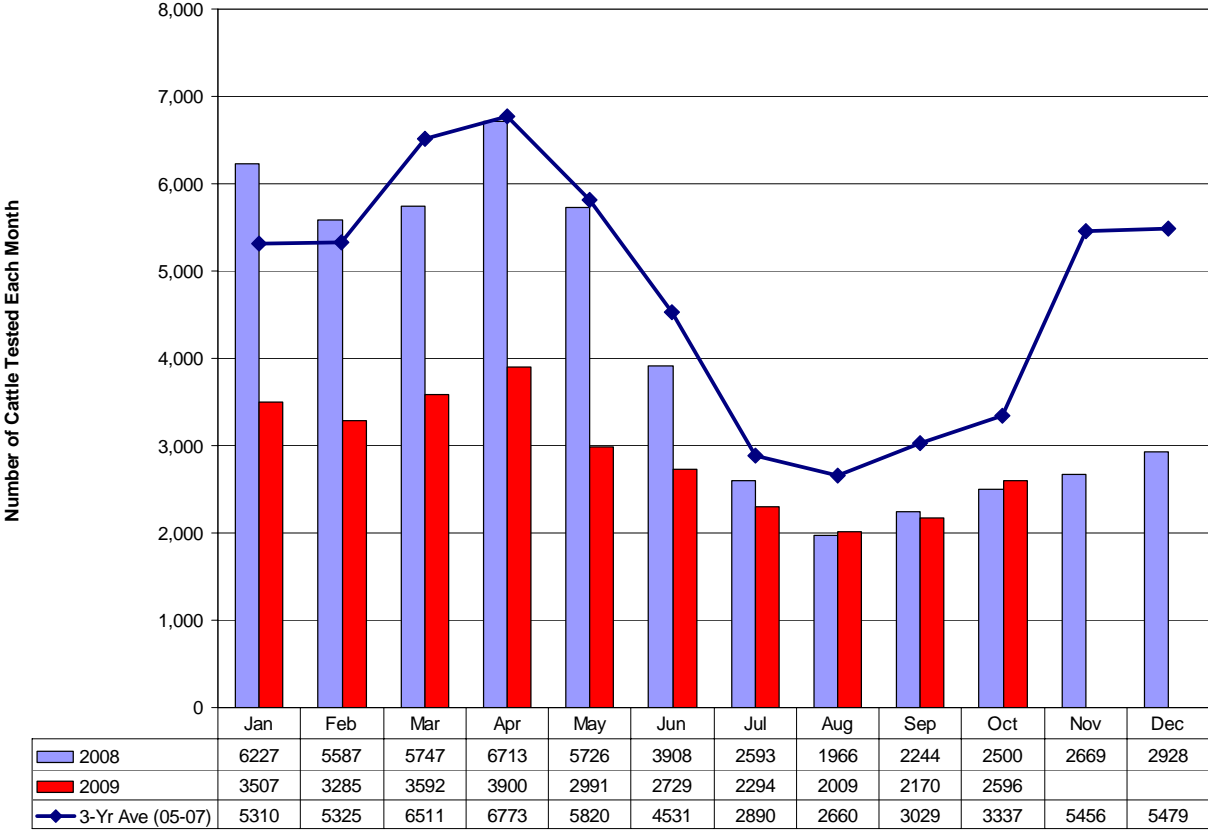
- Immediately Reverse the OTM Rule that Allows the Importation into the U.S. from Canada of Older Cattle, and Beef from Older Cattle, that Harbor the Highest Risk for BSE.

After the OTM Rule is Reversed:

- Require Canada, and any other country with BSE cases born after their respective feed bans, to test all slaughtered cattle over 30 months of age (OTM) for at least one-year prior to considering the resumption OTM beef.
- Assist U.S. beef packers in the voluntary testing for BSE.

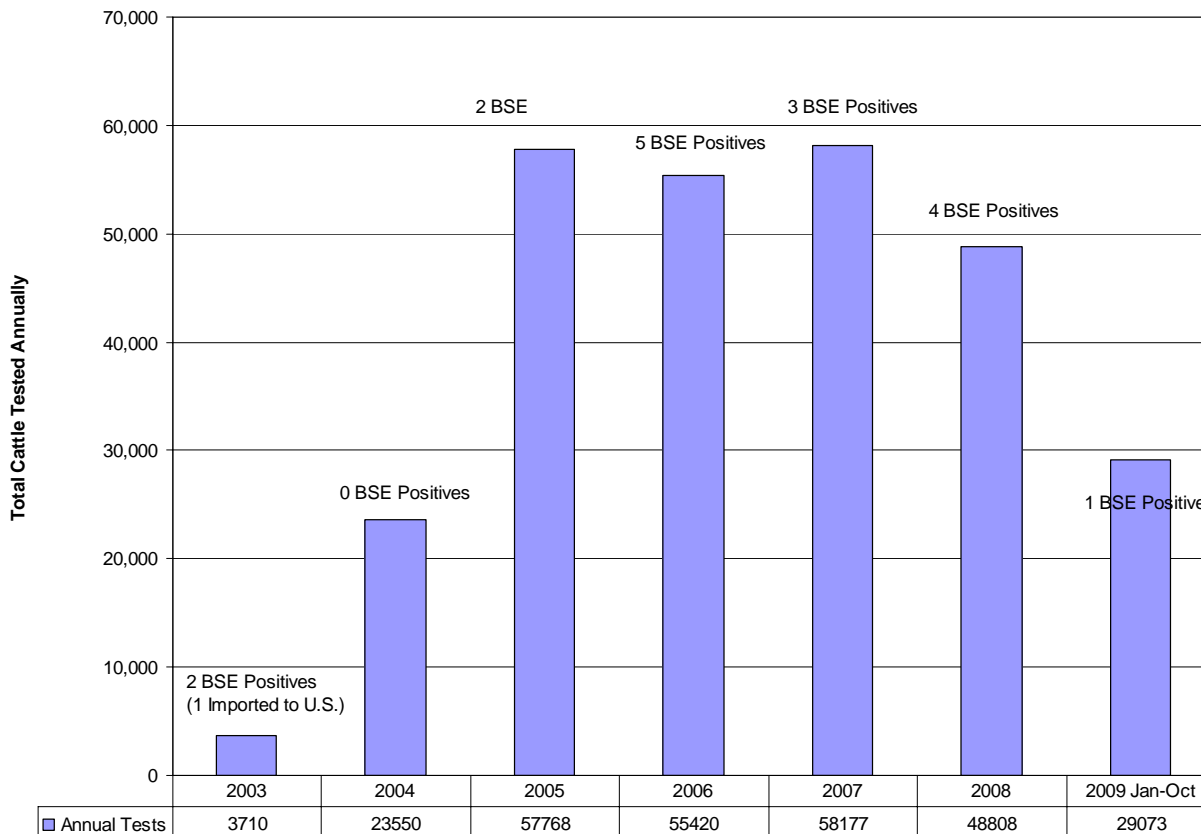
Canada Has Significantly Reduced Its Monthly BSE Testing

Canada's Monthly BSE Testing



Canada Has Significantly Reduced Its Annual BSE Testing

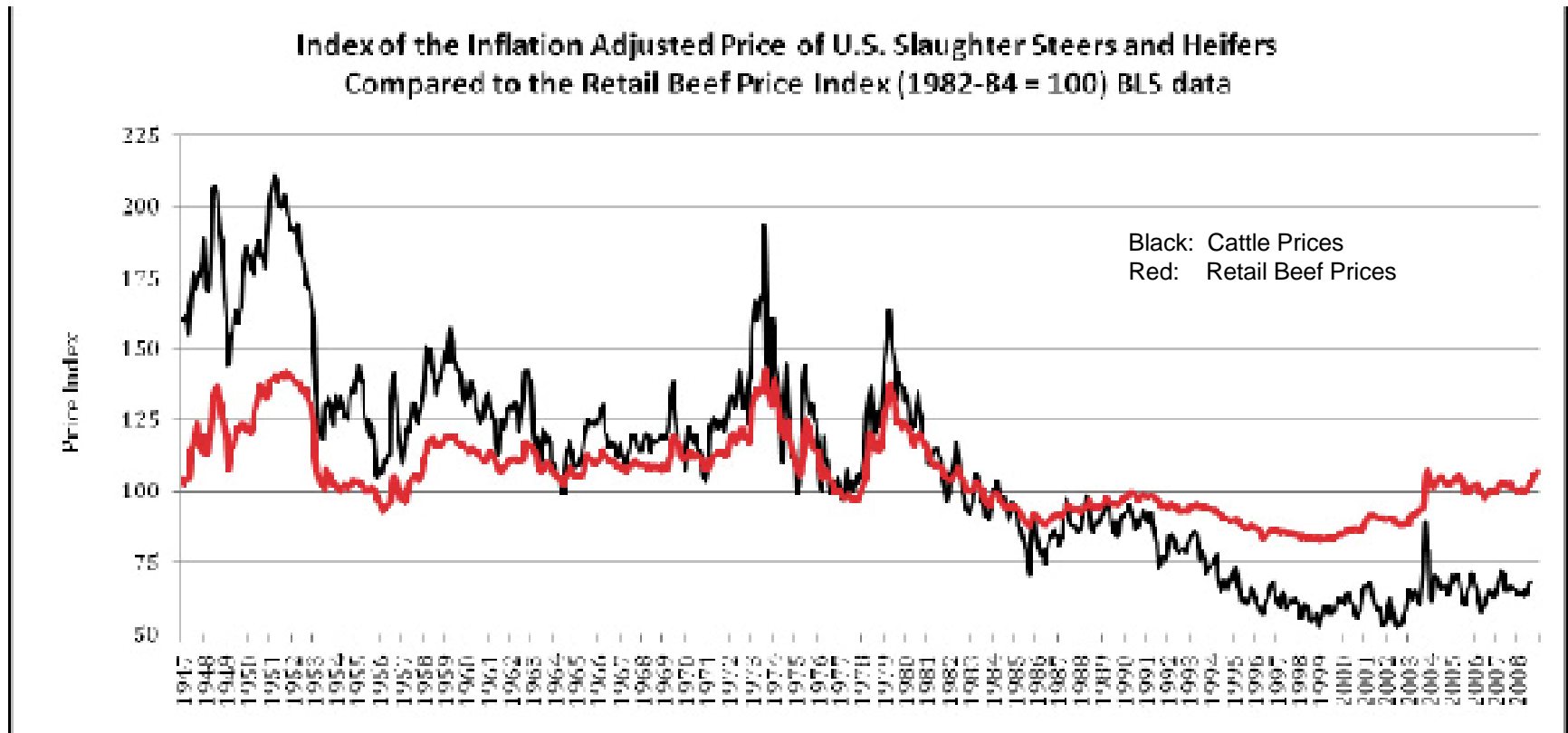
Canada's Annual BSE Testing and Results



Additional Actions

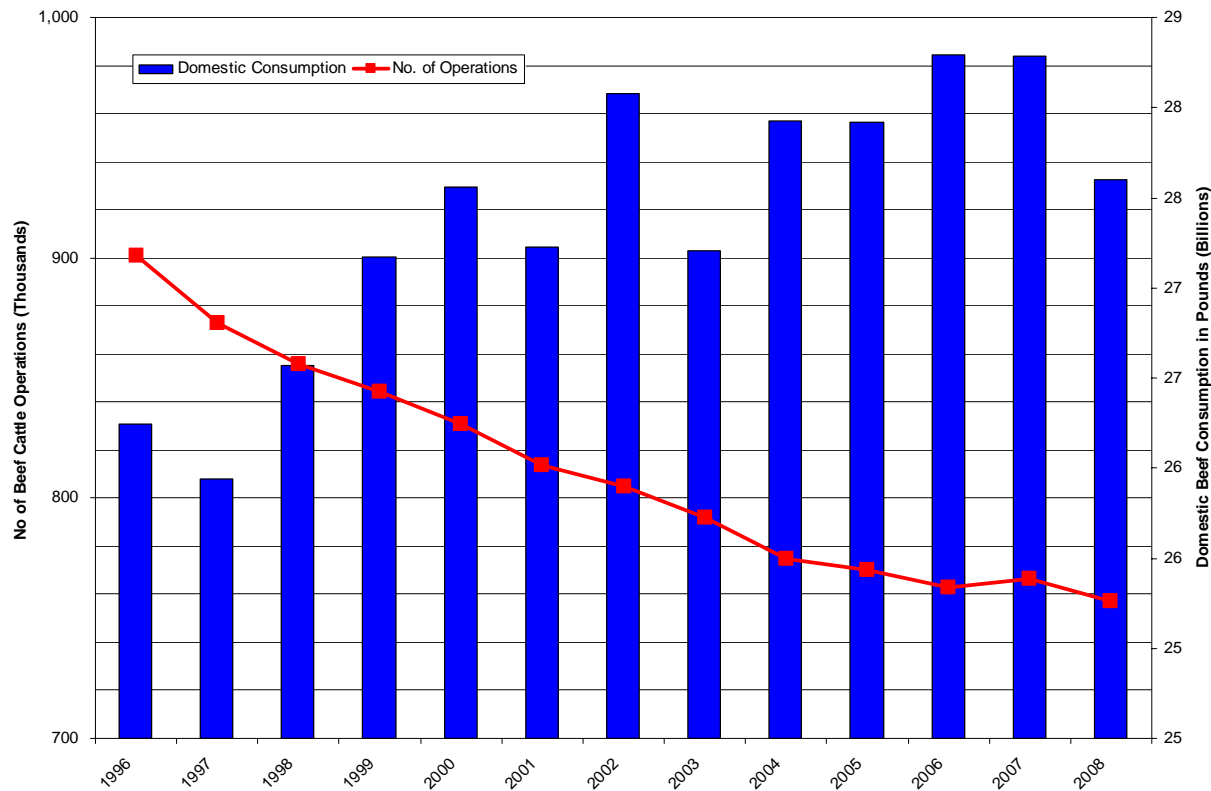
- Require all cattle imported into the U.S. from Mexico to be tested for bovine tuberculosis (TB), directed to designated feedlots, and held in those feedlots until they are ready for slaughter.
- Require all cattle imported into the U.S. from any country with known TB or brucellosis reservoirs, in either livestock or wildlife, to be tested for TB and brucellosis prior to entering the United States.
- Reverse the recently promulgated “regionalization” scheme that would allow the importation of cattle or beef from countries with ongoing disease outbreaks by carving out a specific region or zone within those countries and designating products in that region eligible for export to the United States.

What's at Stake? The Disconnect Between Domestic Cattle Prices and Retail Beef Prices Will Worsen



What's At Stake? The Domestic Cattle Industry Will Continue to Shrink even as Consumption Increases

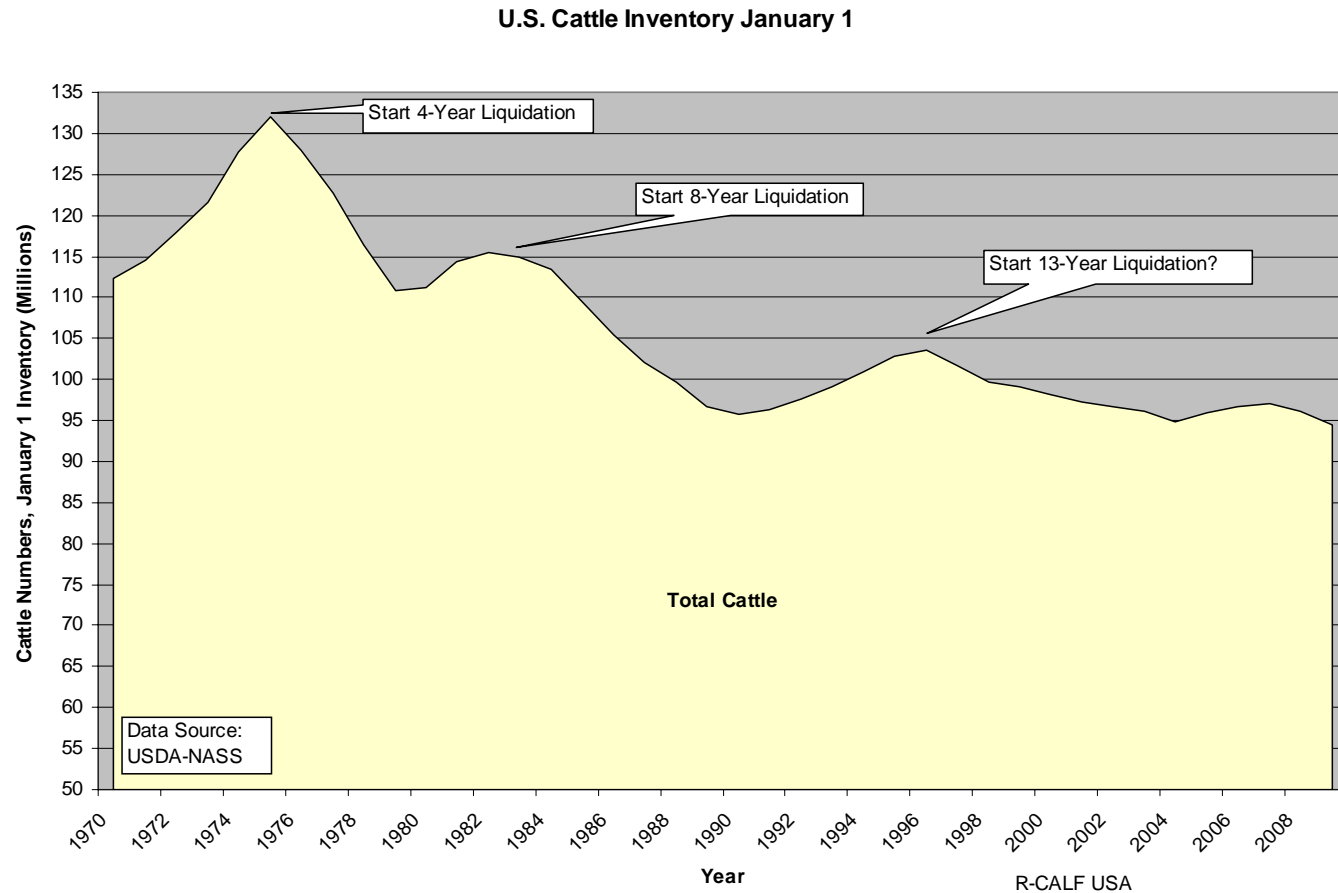
No of Beef Cattle Operations vs Domestic Beef Production



Source: USDA FAS, NASS

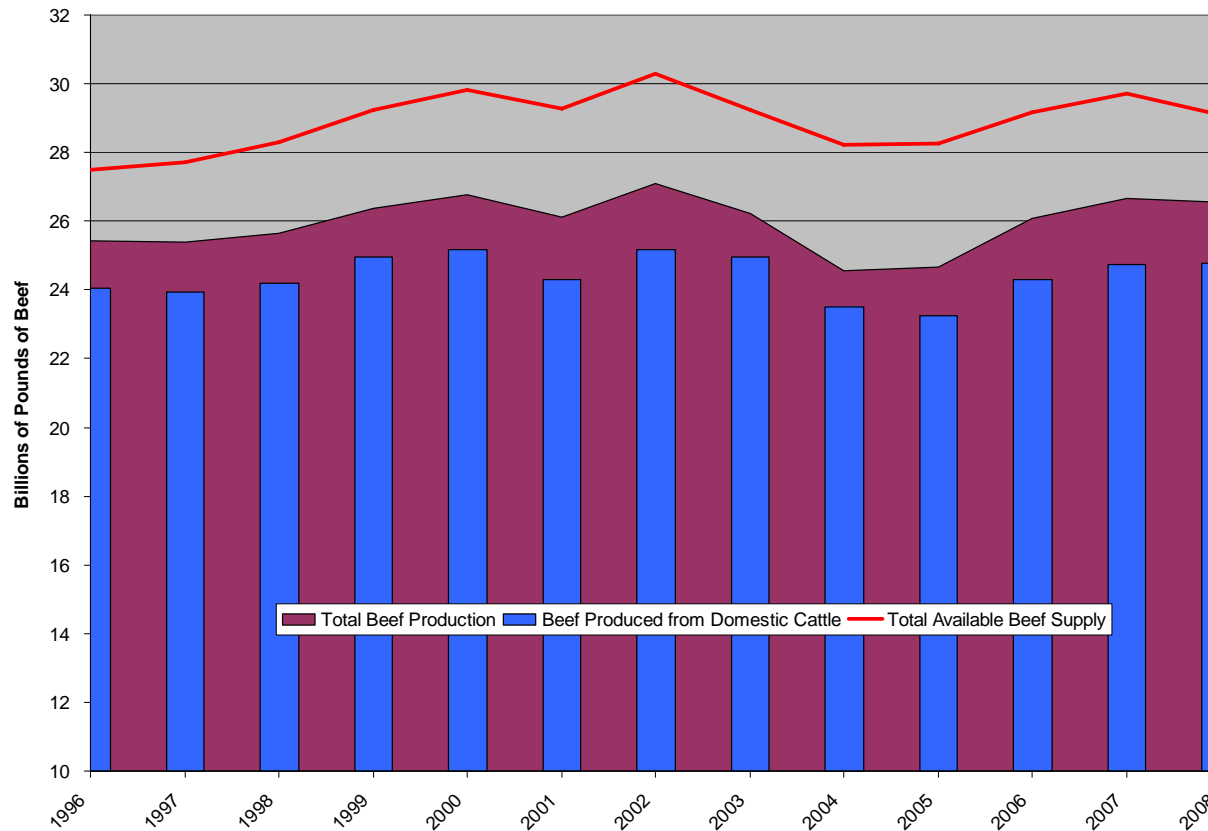
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What's at Stake? The U.S. Cattle Cycle Will Disappear



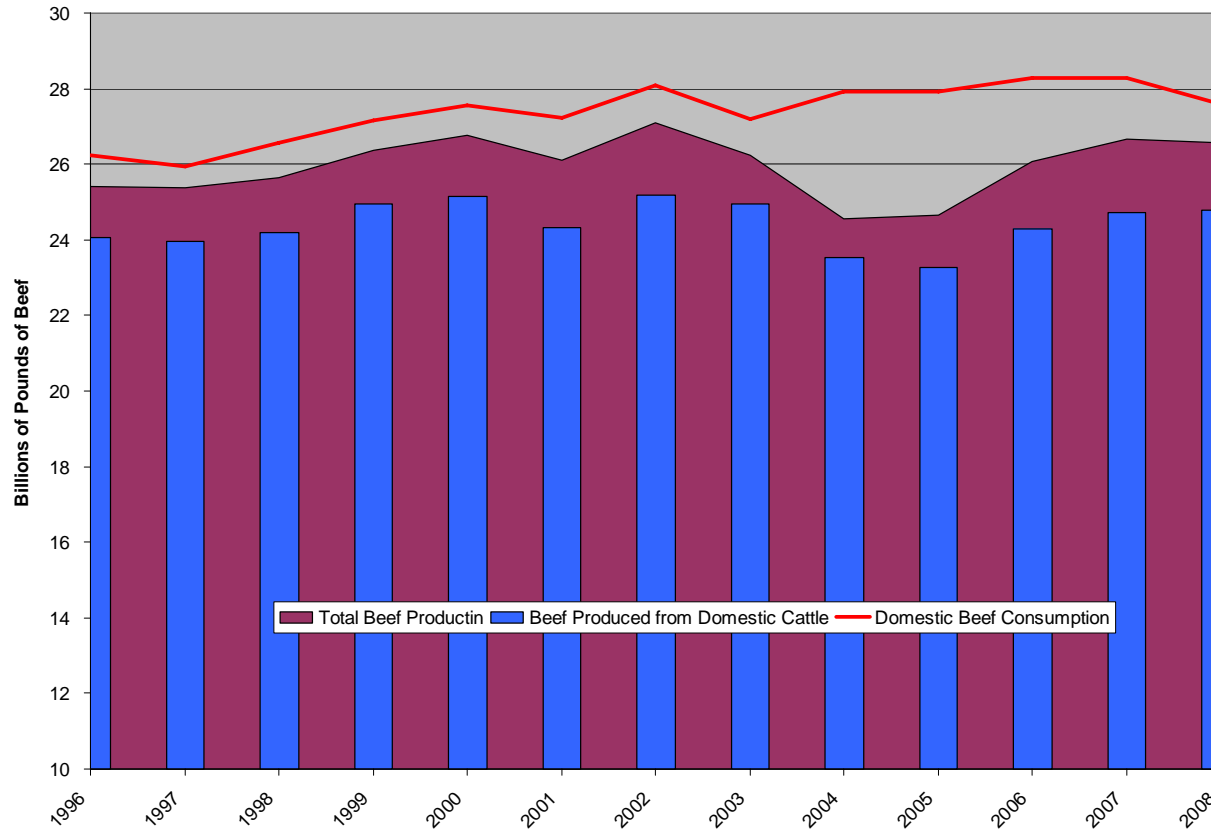
What's at Stake? Domestic Beef Producers Will Continue Losing their Share of the Total Available Beef Supply

Domestic Production Losing Share of Total Available Beef Supply



What's at Stake? Domestic Beef Production Will Continue to Lag Behind Domestic Beef Consumption

Domestic Production Lags Behind Domestic Consumption

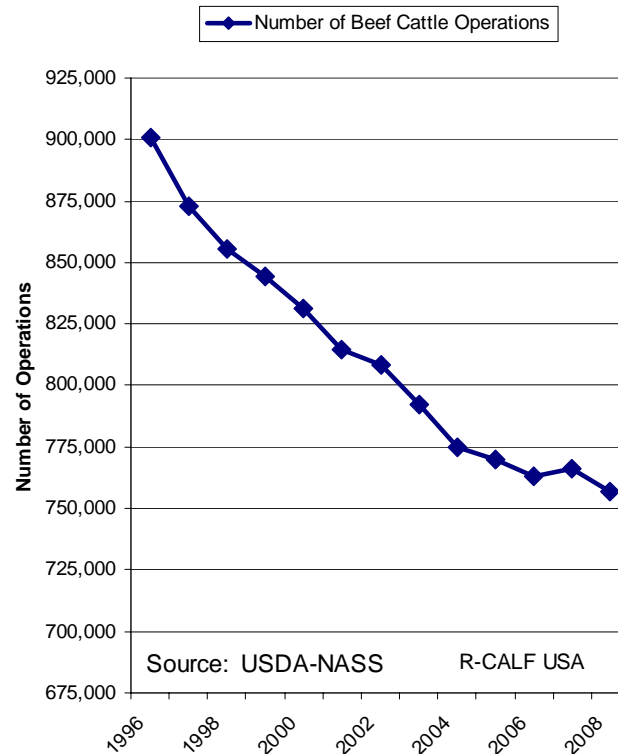


Source: USDA ERS, FAS

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What's at Stake? The Domestic Cattle Industry Will Continue to Shrink and Hollow Out Rural Communities all Across America

Exodus of U.S. Beef Cattle Operations
1996-2008



75,000

The Present and Future Viability of the U.S. Cattle Industry Is Wholly Dependent on the Ability of U.S. Cattle Producers to Maintain a Healthy Cattle Herd. This is Fundamental. And, this Is Fundamentally Impossible if USDA Persists in Its Support of Inadequate Disease Protections that Encourage the Introduction of Cattle Diseases from Foreign Sources.

We Respectfully Urge USDA to Immediately Change its Present Course and Begin Aggressively to Protect our Borders from the Introduction and Spread of Avoidable Animal Diseases

Fighting for the U.S. Cattle Producer!



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