

Fighting for the U.S. Cattle Producer!



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The Honorable Tom Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, D.C. 20250

Sent via facsimile (202-720-6314) and U.S. Mail:

Dear Secretary Vilsack:

R-CALF USA has repeatedly expressed to you its concern that the United States cattle industry is in a state of crisis. In charts, graphs and letters provided to you and your agencies, we provided evidence demonstrating that this crisis has persisted for decades. Our evidence included data that show a drastic decline in the number of cattle operations, a dramatically reduced cattle herd-size, and an ongoing under-production of beef from domestic cattle that cannot keep pace with growth in domestic beef consumption.

The principal factors contributing to our cattle industry's chronic crisis are policy-based and include inadequate enforcement of antitrust laws and the Packers and Stockyards Act, which has enabled concentrated meatpackers to increasingly capture the live cattle supply chain; failed trade policies that enable meatpackers to leverage lower-cost imports to depress domestic cattle prices; and, overly lax health and safety import standards that burden U.S. cattle producers with the disease problems of their competitors in foreign countries.

The vagaries of weather also impact our cattle industry; but, weather related problems usually are short-term, random, and geographically limited. Weather vagaries can sometimes mitigate adverse effects of inappropriate policies (e.g., increased production created by increased rainfall) and sometimes aggravate their effects (e.g., decreased production caused by drought).

On a scale like we have not seen for generations, the drought your Department has characterized as an exceptional drought now encompasses most of the south and much of the southwest and southeast. This exceptional drought likely will culminate into the perfect storm. With our diminished U.S. cattle herd-size, our reduced number of cattle farms and ranches, and our ongoing inability to produce enough beef from domestic cattle to satisfy domestic demand, this widespread drought bears the potential to severely worsen our industry's long-term crisis and literally destroy the production potential of the U.S. cattle industry for years to come.

The nation's food security is at risk. Before the drought the nation's cattle herd already was shrinking and already was too small to satisfy the American consumer's appetite for beef. The large-scale liquidations of cattle by producers in drought-stricken regions likely will reduce

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our cattle herd size to dangerously low levels – levels so low that consumers likely will have no choice but to rely on imported beef to satisfy their beef appetites.

Anecdotal evidence from our members in affected regions indicate that many cattle producers are liquidating their entire herds, unprecedented numbers of cattle are being sent to market, the accelerated liquidation of cattle and calves is overwhelming both the affected region's livestock hauling capacity and cattle slaughtering capacity (for cows and bulls), and feed costs are rising fast, which will make it uneconomical for many producers to preserve their mother cow herds.

We support your efforts to help independent cattle producers preserve their cattle herds in the wake of this debilitating drought. Your recent action to extend emergency grazing and utilize harvested hay from expiring Conservation Reserve Program acres may help some cattle producers retain their herds while also helping to slow down the destruction of the U.S. cattle industry's production capacity, which now has been accelerated as a result of this widespread drought.

We fear that many cattle farmers and ranchers in the drought-stricken regions are without the means to preserving their seed stock and many of those who would be forced to liquidate their herds likely will not return to the industry given the high average age of the U.S. cattle producer and the likelihood that cattle-herd replacement prices will increase after the drought, due to our nation's unprecedented, tight-supply situation.

We do not know the extent of your Department's authority to address this formidable, national challenge but we support your efforts to provide meaningful assistance to drought-stricken cattle producers and would encourage you to streamline any application process associated with your programs so as to fast-track any necessary approvals for cattle farmers and ranchers that may choose to seek assistance.

If our industry were not already suffering from the protracted, policy-based failures that have drained equity and financial reserves from independent cattle farmers and ranchers, this drought alone may be surmountable. However, our industry has suffered years of depressed prices and this drought may well be the proverbial straw that breaks the camel's back.

We support your efforts to preserve what remains of our diminished cattle industry in the face of this exceptional drought.

Sincerely,

A handwritten signature in black ink, appearing to read "George A. Chambers". The signature is fluid and cursive, with the first name "George" being the most prominent.

George Chambers
President

Cc: Under Secretary Edward Avalos