

SUMMER CONFERENCE ATTENDEES ADDRESS CATTLE INDUSTRY INITIATIVES

compiled by *Stephanie Veldman and Troy Smith*



More than 1,000 producers and cattle industry representatives from across the country met in Reno, Nev., for the 2002 Cattle Industry Summer Conference, July 17-20. Individuals had the opportunity to bring up major issues affecting farming and ranching operations.

A topic of much conversation was the beef checkoff litigation, and how it was proceeding. Dee Lacey, chairman of the Cattlemen's Beef Board (CBB), said it could take 12-18 months before they had a verdict. A survey regarding producer support for the checkoff was also presented. A summary of the survey results follows on page 237.

There was some discontent voiced concerning the National Cattlemen's Beef Association's (NCBA's) lack of regard for communication with the grassroots members of the association. Membership numbers have dropped during the past two years by 11,000. Members say it is because the NCBA isn't going where the cattlemen want it to go, and the producer's voice isn't being heard.

"The challenge is how do we communicate to our membership, and what is the best vehicle to bring them into the solution development process," said Eric Davis, NCBA president-elect (see "Challenges Facing the NCBA," page 244).

Producers had several opportunities to ask industry representatives questions during the week, including at an open forum with top industry and retail chain leaders. Cattlemen had the chance to ask questions of John Hayes, McDonald's senior director of the U.S. supply chain (see "Did You Hear About McDonald's?" page 240); Mike Baker, Nash Finch Co.; and John

Miller, Farmland National Beef, to name a few. Many producers voiced their concerns over declining cattle prices and asked what they could do to bring more money into their operations.

Speaking before a policy forum, NCBA Vice President of Public Policy Chandler Keys reviewed the past year's successes in influencing legislation and regulatory matters on behalf of the beef industry.

"The industry has a stronger working relationship with the current administration than ever before," Keys said. "We're in

almost constant contact and have good access to regulatory agencies. It's not an opportunity to squander."

Keys recounted NCBA's role in pushing for repeal of the estate tax, calling recent progress a great victory.

"But there's more work to do to make it

permanent," he added. "We don't want bigger exemptions, we want the estate tax dead and gone."

For the short term, Keys doesn't expect many changes to the U.S. tax code, because of the war on terrorism. On down the road, however, he looks for an effort to eliminate the tax code in favor of a flat tax or a national sales tax.

To the people wanting to close U.S. borders to imports, for whatever reasons, Keys said political influences make that unlikely. Canada, Australia and New Zealand are U.S. allies in Afghanistan, so the U.S. government won't shut them out. Keys called it a political reality that beef producers have to face.

"If you are a member of NCBA, your voice will be heard on Capitol Hill — no matter how many thousands of miles away you are or how remote your hometown is. NCBA has an impressive legacy in Washington,



► **Wythe Willey, president of NCBA, emphasized the importance of communicating to producers that NCBA is working for them.**

D.C., and a strong, active working relationship with influential policymakers, administrations and staff members,” Keys said.

Cattlemen tackle critical issues

During committee meetings, members had a chance to discuss top priorities for the year, listen to fellow producers and talk one-on-one with NCBA policy representatives. The NCBA board of directors passed more than 30 new resolutions that will serve as a road map for NCBA members, staff and state affiliates as they address policy issues. The following is a summary of new policies and important discussions that took place during the conference.

Agriculture policy. The Agriculture Policy Committee passed a resolution supporting the idea of creating a federal reinsurance program to establish risk sharing with the private sector and ensure the availability of catastrophic risk insurance products. This resolution came after members voted to delete the former policy, in which the NCBA was opposed to any federally subsidized revenue insurance for livestock producers.

A new directive was passed for the NCBA to work with members of Congress and agency leaders to allow for conservation funds to be used for noxious weed eradication efforts consistent with the *Harmful Nonnative Weed Control Act of 2000* (S. 198).

The final resolution, presented to and passed by the board of directors after some modification, was for the NCBA to seek beef industry input on making improvements to the beef checkoff to ensure that it complies with any final court rulings, provides equal to or greater total collections revenues and maintains state beef council funding at one-half of collections. If the beef industry does develop consensus on



► Members of the NCBA passed more than 30 new policy resolutions at their summer meeting. These resolutions will serve as a road map for NCBA staff as they work to implement the policies.

improvements to the checkoff, NCBA staff will work to initiate legislative and regulatory actions to implement the changes.

Beef safety. The Beef Safety Committee developed new policy to support legislation that would require the U.S. Department of Agriculture (USDA) to establish science-based microbiological performance standards to aid in reducing the risk of foodborne illness. It would ensure that if a plant failed to meet such standards, the USDA would work with the plant to evaluate its Hazard Analysis and Critical Control Points (HACCP) system to see if improvements

were warranted. Inspection privileges would be revoked only if a plant failed to meet the standards and failed to take feasible actions.

The board passed policy to work closely with the Beef Industry Food Safety Council and others to facilitate the implementation of irradiation technology where appropriate. The board seeks to become more proactive in the development of educational materials for consumers, foodservice groups, retailers and producers about the benefits of irradiation technology.

Cattle health and well-being.

New policy was developed to seek the assistance of President Bush in resolving the long-standing animal-health-related barriers to trade with Canada.

The board passed policy to work to correct the inequities in the current foot-and-mouth disease (FMD) indemnity proposal and to encourage active participation in any FMD control effort.

Support was given in favor of the current screwworm eradication program and its continued funding. Policy on screwworm eradication was amended by the board to strongly urge the USDA

to take immediate steps to construct a screwworm plant in Panama and to close the existing plant in Mexico, due to security concerns.

A directive was passed to actively encourage the American Association of Veterinary Laboratory Diagnosticians (AAVLD) and the U.S. Animal Health Association (USAHA) to limit the use of chronic wasting disease (CWD) diagnostic tests to AAVLD-certified laboratories.

A directive was passed to hold a wildlife symposium at the annual convention to increase understanding regarding the

cattle health risks associated with the feeding and management of wildlife.

Federal lands. The Federal Lands Committee passed a directive to work to defeat any federal designation of Southern California's Gaviota Coast as a National Sea Shore.

After discussion, new policy was passed to support the continuation of livestock grazing on federal lands and to oppose any programs intended to permanently retire or vacate federal grazing permits.

The board passed a directive to pursue \$500 million for the Livestock Assistance Program in the fiscal year (FY) 2003 agricultural appropriations legislation to cover grazing losses during the 2001-2002 grazing season.

New policy was passed to work with federal agencies, in conjunction with state affiliates, to seek the development of an experimental scientific review process that would include local range scientists, among other agency range scientists, to become an official and required part of the Bureau of Land Management (BLM) and U.S. Forest Service (USFS) administrative appeals process for decisions affecting range management.

Policy was passed to work with federal agencies, including Animal Plant Health Inspection Service (APHIS), BLM and USFS to ensure that they control crickets, grasshoppers and other damaging insects on their lands in a timely manner and prior to the populations reaching epidemic proportions.

New policy was passed to follow up with the BLM and USFS to simplify and streamline the permit transfer process so that it is conducted in a timely manner in order to ensure the continued viability of the livestock permit.

International markets. The International Markets

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► NCBA CEO Terry Stokes said he is coordinating town hall meetings through NCBA's seven regions to get producer feedback on issues they have with the NCBA.

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Committee developed new policy to assist in the pursuit of any legal action against the European Union (EU) that may benefit the U.S. beef industry in its long battle to gain relief from the European hormone ban on beef, which the World Trade Organization (WTO) has ruled to be illegal.

Policy was passed to call on Senate and House leadership and Trade Promotion Authority (TPA) conferees to expedite passage of final TPA legislation.

Live-cattle marketing. The Live-Cattle Marketing Committee developed new policy to support a congressional

investigation into the workings of the livestock marketing complex with a focus on (1) impacts on producers from packer concentration, (2) impacts on producers from retail concentration, and (3) possible statutory changes to anti-trust and anti-competition laws and regulations to afford producers the same protections as consumers.

The NCBA Price Discovery Think Tank identified several steps to improve the price discovery process. The new policy intends for the NCBA to continue efforts to identify opportunities for improving profitability, price discovery and the cattle marketing system as a whole. These efforts will be part of an industry-led, rational and deliberative process of finding solutions to the challenges facing the beef industry that do not jeopardize free-enterprise and cattle producers' rights to conduct business as they see fit.

Property rights and environmental management.

Property Rights and Environmental Management policy was developed to oppose implementing new air quality standards on cattle production until science-based data can substantiate the need for such standards.

The NCBA air quality working group recommends the NCBA formally withdraw from the current livestock coalition involved in air quality regulatory negotiations with the Environmental Protection Agency (EPA), and formalize and recommend an air issues management strategy to include a budget and timeline to accomplish the strategy.

New policy was passed that opposes any new regulations pertaining to agricultural odors, noise or air that will hinder in any way the production, preparation and harvesting of crops and the production of livestock. Policy was also passed

that opposes any new regulations pertaining to changing the class and quality of air on pastures, grasslands and desert ranges that would inhibit current practices of beef production on these lands.

Science and technology.

The Science and Technology Committee passed policy that supports funding for research and requests expanded efforts to stop the spread of chronic wasting disease (CWD) in deer and elk. It would be accomplished by the depopulation of free-roaming and farmed deer and elk in areas with involved and threatened herds. Members recommend intensive monitoring of all captive and wild cervidae herds in the CWD endemic areas. NCBA requests the USDA's Agricultural Research Service (USDA-ARS) develop a current fact sheet about CWD and that this information be widely disseminated to affected parties.

Policy was passed to request that the USDA place a high priority on the development of improved and validated foot-and-mouth (FMD) disease vaccines, including funding for production of the vaccines.

New policy was passed to support increased funding needed for research in poisonous plant effects on animals, including effects on the immune system and the possibility of residues in tissues. NCBA also supports the application of these technologies and research results to maintain human health.

The board passed new policy to work with the USDA on supporting research aimed at prevention and treatment of trichomoniasis in cattle, especially the differentiation of nonpathogenic from pathogenic trichomonads.

NCBA sets \$65.8 million budget for FY 2003

Directors of the National Cattlemen's Beef Association (NCBA) approved a \$65.8 million budget for fiscal year (FY) 2003, which begins Oct. 1, 2002.

For the NCBA's Federation Division, the budget is \$58,311,391, which is about \$3.2 million more than last year. It will be used to work in consumer marketing, international marketing, research and communications, and on behalf of the Cattlemen's Beef Board (CBB) and state beef councils. The programs are funded through the \$1-per-head beef checkoff.

The NCBA Policy Division budget is \$7,448,085, funded primarily by membership and affiliate dues, investments by private council members, sponsorships and meeting registrations, a trade show, advertising revenues, and the sale of materials. The Policy Division conducts lobbying efforts on behalf of the cattle industry in Washington, D.C., and provides research, communication and association services on behalf of cattle producers and their organizations.

Total Policy Division expenses are budgeted \$626,230 lower for the year compared to FY 2002. This reduction in expenditures has caused extreme concern for staff at NCBA, because there will have to be cuts in Policy Division programs. One reason for the decrease in revenues is the six-year downtrend in membership numbers for the NCBA. Non-dues revenue is also slipping due to the poor economy and consolidation of corporate companies.

The budget committee recommended a special solicitation to the core membership of the NCBA to re-establish the Policy Division revenue. The goal is to raise an additional \$1 million for the Policy Division programs.

Beef Board approves FY 2003 budget

The CBB approved a \$48 million budget for the Cattlemen's Beef Promotion and Research Board for FY 2003, which begins Oct. 1, 2002. The budget focuses on building demand for beef in the midst of current economic and beef safety challenges.

Included in the budget are \$26 million for promotion programs; \$5.1 million for research; \$5.55 million for consumer information programs; \$1.98 million for industry information; \$4.75 million for foreign marketing; and \$1.8 million for producer communications. Another \$210,000 will be devoted to program evaluation, while \$125,000 is slated for program development; \$230,000 will pay for program oversight by the USDA, and \$2.25 million will cover administrative costs. The USDA needed to approve the budget before it could be implemented.

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Beef checkoff survey results

Overshadowing the Cattlemen's Beef Board (CBB) summer meeting was the impending trial on the constitutionality of the beef checkoff program. During the meeting, CBB released an independent survey gauging national producer support for the checkoff. The research indicated 66% of producers approve of the checkoff, while 22% disapprove.

Conducted by the CBB and Aspen Media and Market Research of Boulder, Colo., the survey was based on 1,000 interviews of a random representative sample of beef and dairy producers nationwide. The statistical margin of error is $\pm 3.1\%$.

Knowledge of the checkoff seemed to be a strong predictor of favorability toward it. Among the groups that say they are very well-

BEEF



informed, 73% approve of the program, while 20% disapprove. In contrast, among those who are not very well-informed only 57% approve, while 21% are neutral and 22% disapprove.

The trends in producers' knowledge about the checkoff on unaided and aided bases continue to be mostly positive, although they have decreased somewhat. Currently 57% consider themselves "very" or "somewhat" well-informed about the program, which is the lowest it has been in more than four years.

In light of the weak market conditions, the survey found that 45% of producers believe the industry is headed in the wrong direction, while 40% feel optimistic about the current direction of the beef and dairy industries.

The survey involved telephone interviews. The sample is representative of the various sizes and types of dairy and beef operations in the United States, based on the Agriculture Census.

Producers ask the hard questions

Producers had the opportunity to ask questions of industry representatives on topics affecting the cattle industry in a question-and-answer period during the joint Seedstock, Cow-Calf, Stocker and Feeder councils meeting. Industry representatives were John Hayes, McDonald's senior director of the U.S. supply chain; Mike Baker, vice president of perishables for the Nash Finch Co.; Ross


McKnight, chairman and CEO of Olney BancShares of Texas; John Miller, CEO of Farmland National Beef Packing Co.; Fred Moore, independent floor trader at the Chicago Mercantile Exchange (CME); and John VanDyke, branch chief for livestock and grain market news for the USDA.

Many questions focused on the gaps between cattle prices and retail prices. Baker says what producers may be seeing are the

gaps between the high and low featured items — or selling the products below cost vs. selling at regular cost.

Hayes also fielded questions on the impact McDonald's may have in using imported beef from Argentina and New Zealand in their products. Hayes said the main reason they are testing the imported beef in several restaurants in the southeastern corner of the United States is to prepare for shortages of lean beef in the future.

"We committed early on that we wouldn't support an increased quota," Hayes said, responding to a question on whether McDonald's would push for an increase in the Tariff Rate Quota (TRQ) for Australia.

The question-and-answer session allowed many producers to ask industry representatives about important issues surrounding the current beef cattle industry, and to weigh their responses to those questions. 



► Producers had several opportunities to ask questions during the week, including at an open forum with top industry and retail chain leaders.

The cattle industry heads to Music City USA

2003 Cattle Industry Annual Convention & Trade Show

Jan. 29-Feb. 1

Gaylord Opryland Hotel
Nashville, Tenn.

Registration will be available in late October. To register, go to www.beef.org; or contact Meghan Kavanaugh at (303) 694-0305 or mkavanaugh@beef.org.

Look for more details in the November *Angus Journal*.