



Beef Business

► A look at current issues affecting the cattle industry. Compiled by *Shelby Mettlen*, assistant editor

Ag groups react to 'midnight' GIPSA rule

On Dec. 14, 2016, the Obama administration issued a regulation written by the USDA Grain Inspection, Packers and Stockyards Administration (GIPSA). The rule aims to broaden the scope of the *Packers and Stockyards Act* (PSA) of 1921, related to the use of “unfair, unjustly discriminatory or deceptive practices” and “undue or unreasonable preferences or advantages.”

The Fair Practices Rules, previously known as the GIPSA rules, are intended to facilitate competition in the livestock and poultry markets.

Several cattle and agriculture industry players released statements on the new regulations.

NPPC calls GIPSA rules devastating

The National Pork Producers Council (NPPC) called the new rule “an apparent attack on rural America for its role in helping elect Donald Trump as president.” The regulation could restrict the buying and selling of livestock, lead to consolidation of the livestock industry — putting farmers out of business — and increase consumer prices for meat. The National Pork Producers Council will work with the Trump administration and the new Congress to repeal the “unnecessary, destructive and illegitimate midnight rule.”

Specifically, NPPC points out, the regulation would deem the previously mentioned actions per se violations of federal law even if they didn't harm competition or cause competitive injury.

“I can't imagine a more devastating regulation on an industry,” said NPPC CEO Neil Dierks. “The rule, which creates legal uncertainty, will destroy opportunities for many in the U.S. pork industry, with no positive effect on competition, the regulation's supposed goal.”

When a rider wasn't included in the fiscal 2016 agricultural funding bill, Agriculture Secretary Tom Vilsack vowed his agency would move forward with the blocked regulation.

“The rule will be a boon to trial lawyers and a weapon activist groups will use to attack segments of the livestock industry,” Dierks said. “The inevitable costs of the regulation could lead to further vertical integration of the pork industry, driving

packers to produce more of their own hogs. That will reduce innovation, quality and competition, with no benefit to consumers. Coupled with the current strong headwinds buffeting pork producers, the net effect of this destructive, unnecessary and illegitimate midnight rule would be a crushing blow to hog farmers of all sizes and to America's rural economies.”

A recent update of a study conducted by Informa Economics of the proposed 2010 GIPSA Rule found that today it would cost the pork industry more than \$420 million annually, with the majority of the costs related to PSA lawsuits brought under a “no competitive injury” provision.

The PSA regulation — and two related proposed rules — will be subject to a 60-day public comment period, which extends the rulemaking process into the Trump administration.

Source: NPPC.

R-CALF USA says GIPSA rules will help reverse cattle industry decline

“The Trump administration should support these rules because they are vital to reversing the ongoing decline of our U.S. cattle industry,” said Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA) CEO Bill Bullard.

Bullard said the U.S. cattle industry is declining at an alarming rate. He said more than half a million cattle farms, ranches and feedlots have exited the industry since 1980, the size of the U.S. cattle herd recently hit a 60-year low, and the volume of beef produced from U.S. cattle has fallen to a 20-year low.

“Our industry's decline is not the result of any natural phenomenon or legitimate economic force; it's the result of a failure to use the laws we have to protect competition. The new rules are aimed at implementing those critical protections,” Bullard said.

Bullard said Congress passed the PSA 95 years ago to establish a legal framework within which a small number of concentrated meatpackers would compete for cattle sold by hundreds of thousands of widely dispersed cattle producers. He said this framework consisted of clearly defined rules of competition to ensure fairness despite the disparity in economic power between cattle sellers and cattle buyers.

Industry price data provided by the USDA and compiled by R-CALF USA show that the average monthly return to U.S. cattle feeders for the past 15 years was a negative \$27.13 per head per month.

Source: R-CALF USA.

NCBA calls GIPSA rules destructive

Tracy Brunner, National Cattlemen's Beef Association (NCBA) president said these provisions are very similar to the 2010 proposed rules about which industry groups have consistently voiced concern. He pointed out that Congress has repeatedly defunded the rules due to the staggering harm they would cause industry.

“The GIPSA rules are especially troubling to the cattle industry,” said Brunner. “As we have consistently stated, if adopted, this rulemaking will drastically limit the way our producers can market cattle and open the floodgates to baseless litigation. In a time of down cattle markets, the last thing USDA needs to do is limit opportunity. The fact of the matter is, we don't trust the government to meddle in the marketplace.”

USDA has announced the new GIPSA regulations include an interim final rule on competitive injury and two proposed rules to address undue preference and the poultry grower ranking system. While USDA has provided a 60-day comment period, the interim final rule will take effect 60 days from the date of publication.

“USDA is going well beyond their statutory limitations, limiting marketing options for a product that America is demanding,” said Brunner. “If USDA was interested in real solutions rather than increased government regulations, they wouldn't have rushed these rules out the door at the very close of the administration's term, bypassing any input from industry. Cattlemen and women don't appreciate Secretary Vilsack throwing a grenade in the building as he abandons it.”

Source: NCBA.

USCA applauds Fair Practices Rules

Following the Dec. 14 announcement by the USDA, the U.S. Cattlemen's Association (USCA) issued the following statement from USCA Marketing Committee Chairman Allan Sents:

“Today marks an important step to

advance competition and true price discovery in the cattle market. The Farmer Fair Practices Rules will seek to restore order in the marketplace, allowing the USDA to maintain their oversight role and prevent anti-competitive buying practices in the livestock sector. We applaud Secretary Vilsack and the Obama administration for moving forward with the rule-making and comment period. We look forward to reviewing the proposals as clarifications and definitions are direly needed within the *Packers and Stockyards Act*.”

The rules can be found at <https://www.gipsa.usda.gov/psp/farmerfairpractices.aspx>.

Source: USCA.

USDA offers clarifications regarding the Farmer Fair Practices Rules

The Farmer Fair Practices Rules target the most harmful practices hurting farmers and clearly outlines commonsense protections to restore fairness and reduce the burden for farmers seeking justice under the *Packers and Stockyards Act*, according to USDA.

“For years, American farmers have been calling for protections against the most damaging, unfair and deceptive practices confronting family farms across the country,” said Vilsack. “Poultry growers in particular are vulnerable to market risks and concentration in the processor market. All too often, processors and packers wield the power, and farmers carry the risk. Today, USDA is taking a big step toward providing the protections that farmers deserve and need.”

The new rules would level the playing field for farmers by proposing protections against the most egregious retaliatory practices harming chicken growers. The Farmer Fair Practices Rules are composed of an interim final rule and two proposed rules GIPSA sent to be published in the *Federal Register*. The interim final rule will affirmatively establish the department’s longtime position that it is not necessary to demonstrate that an unfair practice harms the entire market in order to prove a violation of the *Packers and Stockyards Act*. Such overly broad interpretations have put family farmers at a disadvantage for decades when pursuing their rights under the *Act*.

The proposed rule regarding unfair practices would clarify what GIPSA views as practices that clearly violate the *Act* and would establish criteria to protect the legal rights of farmers. The third proposal would establish criteria that GIPSA would consider in determining whether a live poultry dealer has engaged in a pattern or practice to use a poultry grower ranking system unfairly.

Source: USDA.

American Farm Bureau Federation releases statement on USTR victory in WTO dispute

“The American Farm Bureau Federation (AFBF) applauds U.S. Trade Representative Michael Froman and the Obama administration on their victory at the World Trade Organization (WTO) in defending farmers and ranchers from unfair trade restrictions in Indonesia.

“America’s farmers and ranchers depend on our nation’s leaders to hold our trading partners accountable, and Farm Bureau is grateful for the administration’s work to defend U.S. agriculture’s interests abroad. Enforcement of trade agreements is crucial to maintaining market access. Thanks to this victory, American farmers and ranchers will have the freedom to reach customers in one of the world’s most populous countries.”

Source: AFBF.

Livestock industry lays out federal lands priorities for Trump administration

The Public Lands Council (PLC) and

NCBA issued federal land management priorities for the new administration to bring responsible management and economic viability back to the Western landscape.

“Ranchers and other multiple-use interests in the West have been subjected to an almost wholesale shift in federal land management policy under the Obama administration,” said Dave Eliason, PLC president. “While the Bureau of Land Management (BLM) has a clear directive to manage BLM lands for multiple use and sustained yield, instead focus has shifted toward ‘conservation’ without responsible management. The priorities laid out by the associations are necessary to restore balance to federal land management and set an agenda that will ensure that ranchers can continue their tradition of stewardship well into the future.”

Within the first 100 days in office, the associations are calling on the Trump administration to bring an immediate halt to the Sage Grouse Resource Management Plans, repeal the sprawling monument

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VFD module now available

USDA’s Animal and Plant Health Inspection Service’s (APHIS) National Veterinary Accreditation Program (NVAP) is announcing the availability of a new training, Module 29 Veterinary Feed Directive. NVAP worked with the Food and Drug Administration’s (FDA) Center for Veterinary Medicine and Iowa State’s Center for Food Security and Public Health to create this training.

Upon completion of this module, participants will be able to:

- ▶ describe the need for antibiotic stewardship in regard to antibiotic resistance;
- ▶ understand the FDA’s regulatory oversight of animal drugs;
- ▶ describe the federally defined key elements of a lawful veterinarian-client-patient relationship;
- ▶ recognize the classes and uses of antibiotics requiring a veterinary feed directive (VFD);
- ▶ describe the components of a complete VFD;
- ▶ understand the recordkeeping requirements associated with a VFD;
- ▶ apply expiration date and duration-of-use guidelines to a VFD; and
- ▶ locate additional resources related to VFDs.

In 2011, NVAP launched online, classroom and hard-copy versions of APHIS Approved Supplemental Training modules, which are required for veterinarians to renew their accreditation every three years. The audience for these modules, however, has proven to be much larger, including non-accredited veterinarians, veterinary technicians and veterinary students from all over the world.

In December 2013, the FDA took a significant step in addressing antimicrobial resistance by publishing Guidance #213, which calls on animal drug sponsors of approved medically important antimicrobials administered through medicated feed or water to remove from their product labels indications for use related to growth promotion, and to bring the remaining therapeutic uses of these products under the oversight of a veterinarian by the end of December 2016. All of the affected drug sponsors notified the FDA of their intent to make the recommended changes to their products within the established time frame.

FDA expected that by Jan. 1, 2017, all drug sponsors would have completed the necessary label changes of their affected products and changes in drug-use practices would begin. The marketing status of affected drugs has changed from over-the-counter (OTC) to prescription (Rx) status for drugs administered through drinking water or to VFD for drugs administered in medicated feeds. Distributors or retail establishments that handle these products are required to meet all applicable state and federal regulations for prescription and VFD drugs when dispensing these products.

The module, which is free of charge and does not require a user name or password, is available at <http://aast.cfsph.iastate.edu/VFD/index.htm>.

Source: USDA APHIS.

designations made through abuse of the *Antiquities Act*, address the critical habitat designations imposing stifling restrictions on landowners, and immediately withdraw EPA's "Waters of the United States" (WOTUS) rule and the BLM's planning 2.0 rule.

Long-term, attention must be paid to the *National Environmental Policy Act*, as reform is necessary to streamline and improve the process. Additionally, the incoming administration must take the steps necessary, in conjunction with Congress, to reauthorize and reform the *Endangered Species Act*. Recovery plans must be structured for achievable on-the-ground results — not intangibles like climate change; prioritization must be on recovery, not simply the "listing rate," and resources must be directed toward delisting of those species that have been successfully recovered.

Further, work must be done to address the exploding population of wild horses and burros. The unchecked population growth is not only exponential government waste; it is most likely the greatest example of inhumanity toward livestock; standing idly by while populations starve due to expansion well beyond range-carrying capacity.

Source: NCBA.

November Prices Received Index up 3.5%

The November Prices Received Index (Agricultural Production), at 83.6, increased 3.5% from October 2016.

At 81.0, the Crop Production Index increased 1.9%. The Livestock Production Index, at 86.3, increased 4.7%. Producers received higher prices for broilers, milk and cattle, but lower prices for hogs, corn and apples. Compared with a year earlier, the Prices Received Index is down 8.9%. The Crop Production Index decreased 1.1% and the Livestock Production Index 18%.

In addition to prices, the indexes are influenced by changes in the monthly mix of commodities marketed. Increased monthly movement of milk, cattle, cotton and corn offset the decreased marketing of soybeans, grapes, potatoes and wheat. The Food Commodities Index, at 89.3, increased 6.1% from the previous month, but is down 12% from November 2015.

For more information, view the full USDA National Agricultural Statistics Service (NASS) report at <http://usda.mannlib.cornell.edu/usda/current/AgriPric/AgriPric-12-29-2016.pdf>.

Source: USDA NASS.

AFBF outlines concerns, progress in agriculture at annual conference

The American Farm Bureau Federation hosted its Annual Convention and IDEAg Trade Show in Phoenix, Ariz., last month to discuss the latest concerns and next steps for farmers, ranchers and agriculture industry players.

► Food safety rules

Equal treatment of domestic and foreign growers, the need for extensive education, training and technical assistance and agricultural water provisions are among farmers' top concerns as they implement the *Food Safety Modernization Act's* (FSMA) produce rules, according to Bob Ebhart, senior policy and science advisor with the National Association of State Departments of Agriculture.

Signed into law in January 2011, FSMA focuses on the prevention of foodborne illness, including risk-based "preventative controls," and provides new enforcement authorities such as the ability to ensure the safety of imported foods and to regulate produce. The law directs the creation of an integrated food-safety system in partnership with state and local authorities.

Under the rules pertaining to water use and produce, FDA assumes water is contaminated, rather than allowing "clean" water a pass. The agency also "requires a frequency of testing we think could be less restrictive for some waters and says farmers can use only one method to test water — a method most environmental labs don't use," Ebhart continued.

With FSMA's produce rules raising more questions than providing answers in many cases, NASDA is in the early stages of piloting an On-Farm Readiness Review. Funded by FDA through cooperative grants, the OFRR will be a voluntary program under which farmers can have a third-party inspector visit their farm to determine how they would fare during an FSMA-related inspection.

► Immigration reform

Immigration reform continues to be a hot topic on the political scene and a priority for farmers and ranchers. Tom Hertz of the Agriculture Department and Mark Delich of FWD.us discussed the economic and political realities of the current immigration system and the impact of proposed reforms.

Hertz, an economist at the USDA's Economic Research Service, explained trends in the farm workforce, including declining immigration rates and rising labor costs. Even though farm wages are up, the

agriculture workforce still faces a labor deficit, and demand for workers continues to increase, said Hertz.

Hertz outlined a recent USDA report, assessed the impact of expanding the H2A program vs. increasing border security. According to USDA, H2A expansion over the long-term would increase the farm workforce and expand outputs and exports overall. Whereas, an enforcement-only approach would likely reduce both the workforce and overall ag output, hurting workers and farmers. USDA's study is not designed to advocate for any particular policy approach, Hertz noted, but to simulate what the leading proposals could look like 15 years down the road.

► Need for Extension

Thanks to the foresight of Congress more than 100 years ago, the nation's Land Grant and Cooperative Extension System has stable funding from the federal government.

But across the country, Cooperative Extension services are facing budget cuts from state legislatures. That's where Farm Bureau members can step in to help lobby for adequate support for Cooperative Extension services in their states and communities.

That was the message of Richard Bonanno, associate dean of the College of Agriculture and Life Sciences at North Carolina State University, who spoke during a workshop.

While the federal government provides yearly funding for Extension services, those dollars must be matched by state governments, Bonanno said. That's why cuts in state funding can hamper Extension's ability to offer programs.

North Carolina has lost 200 agents since 2010 because of budget cuts. That reduces the ability of Extension agents to get out in the field and have face-to-face contact, Bonanno said.

As the nation's Extension system enters its second century of existence, it faces issues like funding, how to connect the public with agriculture, and increased urbanization.

"To me, a big part of local foods is a desire on the public to understand their food supply," Bonanno said. "The abundance and affordability of our food supply requires we have all types of farmers, and all types of agriculture."

Read more at <http://www.fb.org/newsroom/future-of-ag-extension-with-dr.-rich-bonanno>.

For more information and full releases from AFBF's annual convention, visit www.fb.org/newsroom.

Source: AFBF.

