



Beef Business

► A look at current issues affecting the cattle industry. Compiled by *Shauna Rose Hermel*

Voting for Texas state beef checkoff program set for June 2-6

At the request of Texas cattle industry associations and in accordance with Texas law, the Texas Department of Agriculture (TDA) will conduct a producer referendum that, if approved, will create a state beef checkoff program for beef promotion, marketing, research and consumer education. This proposed program, to be called the Texas Beef Checkoff, would be funded and managed by Texas beef producers.

Voting will take place June 2-6, 2014, to approve a refundable maximum assessment of \$1 per head of cattle to fund this program. If approved, the assessment will be collected at each point of ownership transfer in Texas.

Eligible producers can vote at any Texas A&M AgriLife Extension Service county office during each office's regular business hours. If an eligible producer is unable to

access an extension service office, a mail-in ballot may be requested from TDA between May 19 and June 2. Mail-in ballots must be postmarked no later than close of business June 6.

The Texas Beef Checkoff would be funded solely through this assessment and any assessments collected would be refundable upon request. Cattlemen and women serving on the Beef Promotion and Research Council of Texas would manage the program.

Any producer regardless of age who has owned cattle in Texas at any time between June 6, 2013, and June 6, 2014, is eligible to vote. Youth younger than 16 years of age must have a parent or guardian co-sign their ballot.

If approved, collection of the assessment will begin Oct. 1, 2014.

For more information, visit www.texasagriculture.gov.

Source: Beef Promotion and Research Council of Texas.

House passes legislation to provide public input in national monument designations

The House of Representatives March 26 passed H.R. 1459, *Ensuring Public Involvement in the Creation of National Monuments (EPIC) Act*, with a vote of 222-201. Introduced by Rep. Rob Bishop (R-Utah), this bill would prevent the president from making vast, unilateral special land designations without thorough public review of the potential environmental, social and economic impacts.

Under the *Antiquities Act of 1906*, as interpreted today, the president has the unfettered authority to make "national monument" designations. The EPIC Act would amend the Antiquities Act to require potential monument designations of 5,000 acres or more be given full review under the *National Environmental Policy Act (NEPA)*. NEPA reviews include in-depth analysis of the impacts of a proposed action, as well as the opportunity for local government and public involvement in the decision-making process.

While intended to protect small, defined areas that are historically or scientifically unique and important, abuse of the Antiquities Act has led to vast monument designations that are outside the original intent of the law. Large monument designations have had devastating impacts on local economies and culture due to the restrictions they place on productive uses of the land. Applying NEPA to large proposed designations would ensure that the public was made aware of those impacts and give the opportunity for input.

Currently, minor federal agency decisions regarding livestock grazing are subject to NEPA analysis, but national monument designations that could encompass millions of acres are not. Brice Lee, Colorado rancher and president of the Public Lands Council (PLC), said the EPIC Act would rectify this inequity.

"This legislation will help protect our members' livelihoods by preventing rash, oversized national monument designations that impose new regulations and restrictions on multiple uses such as livestock grazing," said Lee. "The Antiquities Act is being abused and utilized to subvert the role of our elected representatives in making impactful decisions

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on the management of our federal lands. Congress enacted this law with the best of intentions; now it must be fixed to respond to the continued abuse.”

The EPIC Act would also allow a president no more than one monument designation per state, per term. While it would not require NEPA review for designations smaller than 5,000 acres, it would place a three-year expiration date on those designations unless the designation is approved by Congress. Additionally, it would require any monument designation

to be followed by a study estimating long-term management costs and potential loss in federal and state revenue. Finally, it would not allow monuments to include private property without the informed written consent of the affected private property owner.

National Cattlemen's Beef Association (NCBA) President Bob McCan said the negative impacts of monument designations on ranchers has unintended consequences, not just for local economies but for the environment, as well.

“Grazing encourages healthy plant growth, cuts down on fuel loads that lead to catastrophic wildfires, and supplies water sources to wildlife. Keeping ranchers in business is good policy for conservation of both private and public land,” the Texas cattleman said. “By preventing unilateral *de facto* wilderness designations by the executive branch, the EPIC Act will promote greater stability for the livestock industry.”

Source: PLC.

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Smaller corn crop, more soybeans forecast by USDA

A USDA crop report issued March 31 indicates America's farmers are preparing to plant 91.7 million acres to corn, 4% fewer than a year ago and the fewest acres planted to corn since 2010, according to the American Farm Bureau Federation (AFBF).

"The forecast gives us an indication of what farmers intend to plant, but everything depends on the weather," said Todd Davis, AFBF crops economist. "It remains to be seen whether or not farmers can plant their corn

and soybeans in a timely fashion without a repeat of the problems seen in 2013 in the western Corn Belt."

Davis said, if realized, this year's corn planting would be the fifth-largest corn crop since 1944. With 91.7 million acres planted and average yields, final 2014 U.S. corn production is forecast at 13.2-13.4 billion bushels (bu.).

The soybean planting estimate came in at 81.5 million acres, a 6% increase from the 2013 crop. If realized, this would be a record number of soybean acres planted,

Davis noted. Likewise, the final U.S. soybean production could set a record at 3.4-3.5 billion bu.

USDA's March 1 survey of grain stocks pegged the nation's corn inventory at 7 billion bu., up 30% compared to a year ago, while soybean stocks were measured at 992 million bu., down 1% from a year prior.

Acreage of other feedgrains is projected to be down from last year, as well, with grain sorghum and oat plantings forecast to be down by 17% and 7%, respectively. Barley acreage is expected to decline 9%.

Wheat plantings are projected to be down 1% from last year. Cotton plantings are projected at 11 million acres, 7% higher than last year.

Source: AFBF.

Beef prices will remain high until herd numbers increase

Record cattle prices have caused a large uptick in beef prices at the grocery store. Ron Plain, University of Missouri (MU) Extension ag economist, says those prices are likely to continue.

On a live-weight basis, steers reached \$130 per hundredweight (cwt.) for the first time last October. January brought \$140 per cwt., and in February prices cleared \$150 for the first time. Those prices were enough to interest cattlemen in expanding their herds.

“Right now we’re seeing a reduction in heifer slaughter and a reduction in cow slaughter,” Plain says. “That’s part of the reason we’re setting these records for grocery store prices and live prices for slaughter steers. There is less beef available.”

Plain says the beef industry is at the start

of a growth period. The question is how long it will last.

“Economics says it should last for a while, but if we get dry weather this summer and short pastures it will be tough to save heifers and expand the cow herd,” Plain says. “If we do get rain, a good hay crop and adequate pasture, we’re probably going to save heifers for breeding all year long and do it again next year.”

Grain prices have dropped from the historic highs of a few years ago. That also

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plays a role in the high price of cattle.

Source: MU Extension.

Subcommittee examines costs associated with lawsuits filed against USFS

Rep. Glenn Thompson, chairman of the House Agriculture Committee's subcommittee on conservation, energy and forestry, convened a public hearing to review the impact of the *Endangered Species Act of 1973* (ESA) and related legislation on the U.S. Forest Service (USFS).

The ESA was signed into law in 1973 in order to preserve, protect and recover key domestic species. Since its enactment, more than 1,500 domestic species have been classified as either threatened or endangered under the Act, with only 28 of those species having been delisted as of September 2012. The Forest Service must comply with ESA before engaging in any type of management activity designed to ensure forest health.

However, the ESA contains a citizen suit provision that allows private citizens to sue federal agencies and private landowners for allegedly failing to fully comply with the Act. A recent study in the *Journal of Forestry* examined 1,125 management cases filed against the Forest Service in federal court between 1989 and 2008. Though the costs borne by taxpayers responding to these lawsuits is likely significant, federal agencies do not track these costs, nor are any of these costs recouped, particularly in cases where the federal agency prevails.

Subcommittee members on March 26 examined the direct and indirect costs associated with the lawsuits, particularly those against the Forest Service, and how those lawsuits have diverted budgetary resources away from healthy forest management and interfered with the underlying mission of preserving, protecting and recovering threatened and endangered species.

Source: House Agriculture Committee.

Six states challenge constitutionality of California's 'Bad Egg Bill'

On March 5, Missouri Attorney General Chris Koster led six states in a lawsuit against the State of California for violating the Commerce and Supremacy Clauses of the *U.S. Constitution*, reports the group Protect the Harvest. The effort has bipartisan leadership from Missouri, Alabama, Iowa, Kentucky, Nebraska and Oklahoma.

California's Proposition 2 (2008), backed and funded by the Humane Society of the United States (HSUS), imposed housing mandates on California egg producers and placed California producers at a competitive disadvantage with producers from other states. Recognition of the harmful impacts on California producers resulting from Proposition 2 moved California to pass legislation (2010) extending the mandates beyond its borders by including the production practices of any egg sold in California.

This subsequent action, says Protect the Harvest, is a direct violation of the *U.S. Constitution*. The *Constitution* empowers the federal government to regulate nationwide food production standards, which it does

under the federal *Egg Products Inspection Act*. The state of California has no authority to dictate such regulatory standards over farmers in any or all of the other 49 states.

Source: Protect the Harvest.

PEDv will cause significant shortfall in North American hog market

Rabobank has published a new report on the impact of the porcine epidemic diarrhea virus (PEDv) on the North American swine herd, forecasting significant impacts on production and slaughter through 2015.

In the report, Rabobank says that PEDv thus far has affected about 60% of the U.S. breeding herd, 28% of the Mexican herd, and is beginning to develop in Canada. If PEDv spreads in Canada and Mexico at the pace seen in the United States, Rabobank says that North American hog slaughter could decline by nearly 18.5 million hogs during the next two years, or 12.5% relative to 2013 levels. Overall U.S. pork production is anticipated to decline 6%-7% in 2014, the most in more than 30 years.

"In the U.S., we see the outbreak of PEDv causing a significant shortfall in the availability of market hogs in 2014 — to the tune of 12.5 million hogs, or 11% of annual slaughter," explained William Sawyer, Rabobank analyst. "Given the ever-rising number of PEDv cases reported, coupled with a six-month average lifecycle, the months of August through October are likely to be the tightest for processors, where slaughter could decline by 15%-25% against 2013 levels. If the virus continues at its current rate, the shortfall to U.S. slaughter in 2014 could be as much as 15 million hogs."

Source: Rabobank.

Report shows labor challenges lead to loss in GDP and farm income

The Partnership for a New American Economy and the Agriculture Coalition for Immigration Reform March 18 released a report showing how American families are eating more imported fresh produce today than ever before, in substantial part because U.S. fresh produce growers lack enough labor to expand their production and compete with foreign importers.

"American consumers want fresh U.S.-grown fruits and vegetables, but our farmers don't have the labor force available to meet that demand," said John Feinblatt, chairman of the Partnership for a New American Economy. "This means more produce is imported and our economy loses millions of dollars and thousands of jobs every year. We need to pass immigration reform now, so our food remains homegrown and our economy strong."

“On the issue of farm labor, we have a growing amount of evidence that all points in the same direction: Farmers and consumers both need responsible immigration reform,” said AFBF President Bob Stallman.

Key findings of the report include:

- ▶ In recent years, the share of fresh fruits and vegetables consumed by American families that was imported has grown by 79.3%.
- ▶ While the amount of fresh produce and vegetables consumed by Americans has grown in recent years, production levels in America have either barely grown or declined.
- ▶ Had U.S. fresh fruit and vegetable growers been able to maintain the domestic market share they had from 1998-2000, their communities would have enjoyed a substantial economic boost, resulting in an estimated \$4.9 billion in additional farming income and 89,300 more jobs in 2012 alone. U.S. GDP would have been \$12.4 billion higher in 2012.
- ▶ Labor challenges faced by U.S. farmers and the inadequacies of the H-2A visa program are a key reason why American farmers have been unable to maintain

their share of the domestic market. Labor alone can explain as much as \$3.3 billion in missed GDP growth in 2012. It also accounts for \$1.4 billion in farm income that was not realized that year.

The data for this report was compiled by Steven Broners, senior economist at Welch Consulting. See the full report, *No Longer Home Grown: How Labor Shortages are Increasing America's Reliance on Imported Fresh Produce and Slowing U.S. Economic Growth*.

Source: Partnership for a New American Economy, AFBF, Agriculture Coalition for Immigration Reform & the Agriculture Workforce Coalition.

EPA and Army Corps proposal expands Clean Water Act jurisdiction

On March 25 the U.S. Environmental Protection Agency (EPA) and the Army Corp of Engineers (Corps) proposed an expansion of their federal authority over “waters of the United States.”

In a news release, the NCBA stated it is deeply concerned by this vast overreach by the EPA and the administration, noting that under this expansion, essentially all waters in

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the country would be subject to regulation by the EPA and the Corps, regardless of size or continuity of flow.

“This is a step too far, even by an agency and an administration notorious for over-regulation,” said NCBA President Bob McCann. “This proposal by EPA and the Corps would require cattlemen like me to obtain costly and burdensome permits to take care of everyday chores like moving cattle across a wet pasture or cleaning out a dugout. These permits will stifle economic growth and inhibit future prosperity without a corresponding environmental benefit. This proposed regulation and the burdensome federal permitting scheme will only hinder producers’ ability to undertake necessary tasks and, in turn, [will] result in an exodus of ranchers from the field.”

Almost all activities on open land will now touch a “water of the United States” under

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the expanded definition. For the first time, ditches are included in the definition of a “tributary” and now will come under federal jurisdiction. Activities near a jurisdictional ditch will now require a federal permit. Many cattle operations will be required to get Sec. 402 National Pollutant Discharge Elimination System (NPDES) permits; Sec. 404 Dredge and Fill permits; or Sec. 311 Spill Prevention Control, and Countermeasure (SPCC) spill plans.

“NCBA policy states we oppose expanding federal authority over non-navigable waters,” McCann said. “This proposal flies in the face of the *Constitution* and the Supreme Court’s interpretation of the EPA and Corps jurisdiction under the Clean Water Act. It takes the authority Congress granted EPA beyond the scope of Congressional intent. This is an illegal act by the EPA, and we will defend the rights of our members and producers.”

The proposal will be open for public comment for 90 days.

Source: NCBA.

House passes Water Rights Protection Act

The PLC and the NCBA hail the passage

March 13 of the Water Rights Protection Act (WRPA), H.R. 3189, by the U.S. House of Representatives by a 238-to-174 vote. Introduced by Congressman Scott Tipton (R-Colo.), the legislation reiterates the limits to federal agency jurisdiction of water.

H.R. 3189 comes as a means to combat the federal government by way of the USFS and the Bureau of Land Management (BLM) from seizing water rights in exchange for land-use permits without just compensation. An issue that arose in a USFS directive applicable to ski areas was seen by industry as an issue that could threaten all water users, including ranchers, as they depend on water rights on public and private land to keep their businesses viable.

“With 40% of the western cow herd spending some time on public lands, the ability to have secure water rights is imperative, not only to producers but to the economy,” said NCBA President Bob McCann. “This legislation is a commonsense bill that provides certainty to ranchers and leaves water management to the states — where it belongs. The federal agencies must be accountable to citizens and the states and cannot, at will, circumvent state water laws at the expense of landowners.”

The legislation would prohibit the Secretary of the Interior and the Secretary of Agriculture from requiring the transfer of water rights without adequate and just compensation. Additionally, the bill supports long-established state water laws, clarifying that the federal government does not have jurisdiction.

“Our members face the same threats as ski companies do — perhaps with more at stake as they are individuals and families depending on these water rights for their livelihood,” said PLC President Brice Lee. “It is important to include all industries that may be impacted, to keep our rural communities thriving. Rep. Tipton’s bill accomplished the purpose of protecting all water right holders, including ranchers.”

PLC and NCBA supported an amendment by Rep. Tipton that made revisions to the legislation, which clarified the intent of the bill. The groups opposed an amendment by Rep. Jared Polis (D-Colo.) that would have severely limited the legislation to become applicable only to ski operations, eliminating the efficacy of the bill for ranchers.

Source: NCBA.

