

Washington Insider

NCBA briefs cattlemen and women on issues in Washington, D.C.

by **Shelby Mettlen**, assistant editor

National Cattlemen's Beef Association (NCBA) staff members from Washington, D.C., offered policy updates to cattlemen and women gathered in San Diego, Calif., for the Cattle Industry Convention & NCBA Trade Show Jan. 28.

First up was the *Omnibus Appropriations Bill*, which included “a lot of tremendous victories for us in the cattle industry,” said Colin Woodall, vice president of government affairs for NCBA.

The bill succeeded in repealing mandatory country-of-origin labeling (COOL), after a more than 13-year battle to end the action. The program had noble beginnings, Woodall said, but it failed as a program.

“The thing that finally pushed us over the edge and gave us the opportunity to repeal it was the threat of retaliation by two of our biggest allies and greatest trading partners — Canada and Mexico,” Woodall explained. “As you all know, throughout this process, Canada and Mexico have taken us through the World Trade Organization (WTO), making the claim that COOL violated our trade agreement.”

If COOL had prevailed, the program would have resulted in giving the WTO authorization to charge the United States \$1 billion in retaliatory tariffs. That ruling was revealed on Dec. 7, 2015, but no action was taken by Canada or Mexico. The program would have devastated U.S. trade and ruined the trade relationship between the United States, Canada and Mexico. The omnibus legislation containing language to stop COOL was signed on Dec. 18, 2015, when it was expected that tariffs would take effect the following Monday.

“We barely got it done in time, but we did,” Woodall said.

The USDA dropped the issue after a statement from Secretary of Agriculture Tom Vilsack, and trade relationships between the three countries were preserved.

Because of the controversial nature of the issue, Woodall said he doesn't think the industry has seen the last of COOL. However,

he said he doesn't think it will come back anytime soon.

Dietary guidelines

The omnibus bill also contained a major victory for cattle producers and the beef industry with its reform to the *2015 Dietary Guidelines for Americans*.

Kristina Butts, senior executive director of government affairs for NCBA, stepped forward to talk about the three major issues NCBA had with the Advisory Committee's report. NCBA began working on the *Dietary Guidelines* in 2012 to stay ahead of the game, Butts said. She outlined the three issues NCBA had with the Advisory Committee's revised guidelines, starting with the committee's removal of lean meats from what it considered a healthy dietary pattern for Americans.

She said NCBA was able to share science, literature and research with USDA and the Department of Health and Human Services (HHS) to prove that the scientific data included in the report didn't change the serving recommendations for Americans to eat red meat and protein. However, the overall message the Advisory Committee chose to edit removed lean meats from that statement.

The second issue NCBA had with the report was an overall statement that said Americans should eat less red and processed meats.

“When you actually went and looked at USDA's consumption data, you saw the data that showed that Americans are not overeating red meat, and the protein food group is one of the few food categories that Americans consume within the daily recommended values,” Butts said. “To say that people are overeating something that we're not overeating was also misleading.”

The final and greatest issue on Capitol Hill relating to the *2015 Dietary Guidelines* was the topic of sustainability, she said. Butts explained that two years ago, the Advisory Committee began correlating the issue of sustainability with nutrition, health and obesity, focusing heavily on the beef industry.

“We knew this was the first time an advisory committee had gone this far to include topics outside of nutrition and health,” Butts said. Language contained in the omnibus ensured the guidelines remained within the scope of health and nutrition. Thanks to bipartisan support in Washington, lean meat remains an important part of an American's healthy diet.

Butts said NCBA is already preparing for the guideline's next revamp in 2020.

Watching borders

The omnibus brought another significant win for the industry on the front of foreign animal disease, Woodall said.

He explained that a priority issue for NCBA in 2015 focused on the concern regarding the reintroduction of foot-and-mouth disease (FMD) in to the United States. A ruling involving the Animal & Plant Health Inspection Service (APHIS) would allow Brazil and Argentina to export product into the United States. Woodall said there was concern around the lack of process the USDA had gone through with site visits and risk assessment.

When NCBA asked the USDA for documents used in compiling reports for the ruling, Woodall said they received documents in Portuguese and Spanish. Action was taken to defund implementation of the rule, but Congress failed to act in a timely manner, giving the green light to allow product from Brazil and Argentina. Woodall pointed out that there is no product on the market from those countries right now because there's another step in the process: Any plant wishing to export product to the United States is required to apply for equivalency.

“This means our Food Safety Inspection Service (FSIS) has to go down and inspect those plants,” Woodall said. No plant has filed yet, and the FSIS has said the process would take at least six months if not a year to approve any plants that have filed.

Woodall said NCBA did get Congress's attention in making sure it sent a clear mandate for intent to the USDA.

“In the future, we're not going to have to worry about not receiving reports on site visits,” he said. “We're going to be invited



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to go along on some of these site visits and documents will be translated into English.”

Woodall ensured these intentions are clarified in the omnibus bill.

Tax focus

Kent Bacus, executive director of legislative affairs, outlined tax updates for the upcoming years.

“2015 was a great year for us on the tax front,” Bacus said. “We saw more action on tax policy in 2015 than we’ve seen in many years.”

For starters, effort was made in the House to fully repeal the death tax.

More than 40 agriculture industry leaders stepped up and showed their support for a more permanent tax code on Section 179, small business expensing. Their support resulted in a permanent extension of Section 179, small business expensing in the omnibus tax extender’s package.

“It’s a huge victory for us,” Bacus said. “To be able to go and expense a \$500,000 investment, adjusted for inflation each year; to not be forced to go and make those purchases at the end of the year because it may not be there in 10 days; to be able to include that in your five-year business plan is a big victory.”

“We need to be able to make these investments to expand our operations, to adapt to consumer demands and to give people what they want,” he said.

Bacus said a conservation easement tax credit is now a permanent part of the tax code. The credit will benefit those who are encroached upon by expensive property values and will help preserve that land for farm and land use later on.

Another win on the tax front involved bonus depreciation. Bacus said NCBA was not able to secure a permanent extension, but the organization did secure an extension of 50% bonus depreciation for 2015, 2016 and 2017; 40% for 2018 and 30% for 2019.

“Stay involved,” Bacus advised. “Stay engaged. Let people running for office know it’s tools like this that help our small businesses compete and remain as part of our rural economy.”

With the presidential election approaching, Woodall said 2016 will be an interesting year.

“If you don’t know where you’re going to be on November 8, 2016, you’re going to be in a voting booth,” he said. “If you know right now that you can’t be there, you go to your local jurisdiction and you vote absentee

or you vote early. Don’t make me come after you. It’s your right — vote.”

Other measures

On the highly debated *Waters of the United States* (WOTUS) front, Scott Yager, environmental counsel for NCBA, said Congress failed to pass anything to stop the rule.

“We were told we were going to see something in the omnibus to stop that, but apparently it got pulled out last minute,” he said. A nationwide stay of the rule will offer temporary relief as the issue is litigated through the courts.

Congress passed a resolution to disapprove the WOTUS rule, but President Obama vetoed the legislation and Congress failed to secure a two-thirds vote to override the veto.

The *Resource Conservation and Recovery Act* (RCRA), enacted in the 1970s, was intended to regulate solid waste landfills. It was never intended to regulate agriculture. However, the Act reared its head in Washington state to attempt to regulate agriculture for the first time last year. Yager said a group of dairies were reprimanded for allowing phosphorus and nitrogen to seep below the root zone.

“This is the first time it’s ever happened,” Yager said, and he’s worried it will open Pandora’s box to continue using the Act to regulate agriculture. He said NCBA will be keeping a close watch on the issue and

will attempt to “steer the judge in the right direction.” If it happens in the future, he said, we could see lawsuits from environmental agencies.

Last fall, the Obama administration ratcheted down on the *Clean Air Act*, requiring ozone levels be dropped from 75 parts per billion (ppb) to 70 ppb “which is the hardest standard to meet,” Yager said. “This has the potential to impact agriculture in the countryside, and we need to make sure that doesn’t happen.”

Grazing federal lands

Ethan Lane, executive director of the Public Lands Council (PLC), briefed listeners on the topic of grazing on federal lands and a “variety of issues we’re dealing with out west.”

The PLC secured a one-year prohibition listing the sage grouse under protection of the *Endangered Species Act* (ESA).

Lane said the Council continues to stress to the agencies in Washington, D.C., the frustration that ranchers and landowners have with the Resource Management Plans

(RMPs), which the Forest Service and the BLM claim protect species outside the ESA. The prescriptive RMPs are threatening to become a “new normal,” which Lane said is unacceptable.

Lane said the focus should be on recovery and delisting of species through appropriate vehicles and not through defacto listings in land management processes.

He said NCBA is working to fight special land designations by the current administration. He listed more than 6 million acres of land allocated to anti-grazing legislation in states including Oregon and Utah.

“We’re working with staff to make sure it stays dead, as it should,” he said.

Bacus wrapped up the D.C. discussion with the Trans-Pacific Partnership (TPP).

The TPP is a multi-lateral trade agreement between the Pacific Rim countries, the United States, and some of the largest trading allies of the United States, including Australia, New Zealand, Canada, Mexico and Japan.

Japan is the United States’ largest export market. In 2015, the United States exported \$2.8 billion of beef to Japanese consumers.

“They want our beef,” Bacus said. “The only problem we have is that there is a 38.5% tariff on everything we send over there. The good news is, we have the opportunity to engage in the Trans-Pacific Partnership and take that tariff from 38.5% to 9%.”

Bacus stressed that U.S. beef has a genetic advantage over other exporters, as well as one of the largest economies among the exporters.

“The TPP can’t go anywhere without us,” he said, “but without Congress taking action this year, we’re going to continue to slip further and further behind our competitors in the Japanese market.”

He said Australia is of particular concern to the United States, as it is the country’s greatest competitor in the Japanese market. On Jan. 1, 2015, the Australia/Japan Free Trade Agreement took effect, giving Australia a 10% tariff advantage vs. the United States. That, coupled with the fact that the U.S. dollar is much stronger than other competitors, put the United States at a significant disadvantage in the Japanese market.

Bacus said in some cases it has been estimated the U.S. has lost more than \$100 million in potential sales to Japan in one year.

“We can’t afford to wait until 2017,” he said. “In fact, we can’t afford to wait until the end of this year.”

As a result, NCBA has started its own campaign, TPP Now. To learn more about TPP Now, go to www.TPPNow.com.

