

## NCBA VICTORIES IN 2008

Every day the National Cattlemen's Beef Association advocates for cattle producers in Washington, D.C.

Here are a few of the many victories NCBA has had during 2008.

### **FARM BILL:**

Every five years, Congress negotiates a new Farm Bill which governs farming, ranching, conservation, nutrition and commodity programs. NCBA was very active during the Farm Bill debate, ensuring that the final product would help cattle producers. Below are a few of NCBA's victories in the 2008 Farm Bill.

- **Market Intrusions:** NCBA was able to eliminate provisions that would alter the way you market your cattle, including a ban on packer ownership of cattle and contracting restrictions. Defeating these provisions protected your ability to make decisions based on the marketplace and not arbitrary Congressional criteria.
- **Conservation Programs:** NCBA successfully advocated for increased funding of cost-share conservation programs, including expanding the Environmental Quality Incentives Program (EQIP) to livestock markets and custom feeders. We also helped farmers and ranchers who make over 66.6% of their income farming be exempted from the Adjusted Gross Income (AGI) caps for conservation programs.
- **Tax Incentives for Conservation Easements:** NCBA was pleased to see this beneficial tax incentive for agricultural producers extended.
- **Interstate Shipment:** NCBA worked to include a provision that will allow interstate shipment of beef from state-inspected plants.
- **Country-of-Origin Labeling (COOL):** NCBA helped develop a compromise which remedies many problems with the previous mandatory COOL law.
- **Disaster Assistance:** NCBA successfully worked for the creation of a permanent disaster assistance program.

### **TRADE:**

Export markets add approximately \$180 per head to the value of our animals. After December 23<sup>rd</sup>, 2003, most international markets were closed to U.S. beef. However, we have been able to reopen all but a few of these markets. Most significantly, we were able to open the South Korean market in June.

- Before December 2003, Korea was the third largest market for U.S. beef and beef products, valued at \$815 million annually.
- The Korean market is expected to be a \$1 billion market and could grow to be the largest consumer of U.S. beef.
- Korea is now accepting both bone-in and boneless products from animals under 30 months of age. This voluntary age restriction is temporary and was a compromise between industry and government to get beef flowing again.

The next step will be for Congress to ratify the U.S.-Korean Free Trade Agreement. NCBA is pressing for the passage of this agreement before Congress adjourns for the year.

NCBA continues to argue for fair and open trade practices between all of our trading partners and believes that trade should be based on International Animal Health (OIE) scientific guidelines. In 2009, NCBA will continue to push for the acceptance of the Korea, Colombian and Panamanian Free Trade Agreements. We'll also work to expand our access to other important markets, including Japan and the EU.

### **COUNTRY-OF-ORIGIN LABELING:**

Country-of-Origin Labeling (COOL) is now mandatory for all beef, pork, chicken, lamb and goat meat products, as well as ginseng, peanuts, macadamia nuts and pecans. NCBA played a critical role in the 2008 Farm Bill debate to make COOL friendlier and less burdensome to cattle producers.

NCBA's biggest victory was in the creation of an industry-wide producer affidavit. This affidavit can be used throughout the cattle marketing chain to ease your paperwork burden by having just one sheet to sign when you sell cattle. This affidavit was created by NCBA and our other industry partners and accepted by USDA.

COOL became mandatory for retailers and packers as of September 30<sup>th</sup>. Below are some highlights of the new law:

- COOL requires the use of one of four labels on beef products:
  1. U.S. Product – from animals born, raised and slaughtered in the U.S.,
  2. Mixed Country of Origin – from animals born in another country but raised and/or processed in the U.S. – this label would read product of U.S. and Country X.
  3. Imported for Immediate Slaughter – from animals born and raised in another country but processed in the U.S. – this label would read product of Country X and the U.S.
  4. Foreign Product – imported frozen or boxed beef – this label would just list the countries from which it originated.
- Producer requirements:
  - According to USDA's interim final rule, producers will only be required to use a signed affidavit stating where their cattle are from and how long they have been on their farm. A copy of this affidavit is available on the NCBA website at [www.beefusa.org](http://www.beefusa.org). Producers participating in the NAIS program qualify for USDA's "safe harbor" because their NAIS tag will serve as the certification of origin. Even with the "safe harbor", you may be asked to provide an affidavit by your particular buyer.
  - This affidavit will need to be provided every time an animal is sold; this includes private treaty, production sales, etc. If you are selling cattle to the same buyer, then you can sign and file the affidavit once and it will serve as an evergreen affidavit, staying on file as long as you keep selling cattle of the same origin to that same buyer.
  - Producers should still keep any paperwork that can help support the origin claim on the affidavit. This paperwork would include health papers, import certification documents, breeding papers, or personal records and should be kept for a year after the transaction

While implementation of COOL has been a large endeavor, some COOL advocates were not happy with the way COOL was being implemented and tried to make large changes in the 11<sup>th</sup> hour. In late September, some COOL advocates disapproved of the way some processors intended to utilize the "Category B – Mixed Origin" label. These advocates went to Congress and urged the passage

of another bill clarifying the intent of COOL labeling. This bill would have worked its way through Congress less than 10 days before COOL was to be implemented.

NCBA met with Congressional leaders and urged them to avoid costly and confusing last-minute changes, and instead to evaluate the effectiveness of the program during the six month implementation period. NCBA will be monitoring COOL's impact on beef markets and will work with our partners to implement any changes that may be deemed necessary.

NCBA also strives to continue our educational outreach about COOL to cattle producers nationwide. On October 27<sup>th</sup>, NCBA hosted an hour long live panel show on RFD-TV to discuss COOL and premise registration. Panel members included USDA Under Secretary Bruce Knight; Steve Owens, partner in Joplin Regional Stockyards; Steve Foglesong, Illinois beef producer and NCBA Vice President; and Colin Woodall, NCBA Executive Director for Legislative Affairs. The panel fielded questions from producers and consumers alike about COOL implementation and premise registration.

As COOL is implemented around the country, NCBA continues to work with your partners in government and the industry to ensure that undue burdens are not placed on the cattle producer.

#### **FEDERAL CRP CASE:**

In late May, 2008, U.S. Agriculture Secretary Ed Schafer announced for the opening of land from the Conservation Reserve Program (CRP) for "critical feed use." At the end of June, the National Wildlife Federation (NWF) filed a suit against USDA in the U.S. District Court in Seattle, Washington. Two weeks later, NWF filed a Temporary Restraining Order causing all producers to stop utilizing the land. NCBA, at the request of our state affiliates, participated in the law suit as a friend of the court on behalf of USDA.

- As a part of the *Amici Curiae* filed by NCBA, producers highlighted the economic hardships they had incurred by preparing CRP ground for haying and grazing and then being forced to abandon those investments.
- At a July 17<sup>th</sup> hearing, the Judge ordered USDA and NWF to reach a compromise on the land use. The following week, July 24<sup>th</sup>, the Judge announced his final decision. While USDA lost their case for failing to follow the proper procedures in releasing the ground under the National Environmental Policy Act (NEPA), the judge did say that producers who had already been approved could resume haying or grazing, while those who had already submitted their applications would be considered for approval, and those that have made a significant investment of \$4,500 or more could be considered for approval as well. The judge also put an ending date for haying as September 30<sup>th</sup> and grazing of October 15<sup>th</sup>.
- NCBA participated in this suit along with Idaho Cattle Association, Iowa Cattlemen's Association, Kansas Livestock Association, Nebraska Cattlemen, New Mexico Cattle Growers, Oklahoma Cattlemen's Association, Texas and Southwestern Cattle Raisers, Texas Cattle Feeders Association, Washington Cattlemen's Association, Washington Cattle Feeders Association, the American Farm Bureau Federation (AFBF) and the National Pork Producers Council (NPPC).

### **HORSE SLAUGHTER:**

In late July, Congress took another attempt at banning the processing of horses for human consumption by introducing H.R. 6598 – the “Prevention of Equine Cruelty Act of 2008.” H.R. 6598, introduced by Congressman John Conyers (D-MI), would put a federal criminal penalty of 1-3 years in a federal prison for anyone knowingly owning, possessing, buying, selling or transporting a horse with the intent of slaughtering that horse for human consumption. This bill was referred to the House Judiciary Committee, also chaired by Congressman Conyers, and quickly moved through the committee process. NCBA fervently fought against this bill.

While H.R. 6598 was voted out of the House Judiciary Committee by a voice vote, NCBA was successful in having the bill sequentially referred to the House Agriculture Committee prior to it being considered for a floor vote.

NCBA has been very successful in defeating horse processing measures that are placed before the House Agriculture Committee. This referral also means the jurisdiction of horse slaughter matters belongs before the House Agriculture Committee – and not in some other committee. The activist groups portray this as an animal welfare issue. However, since the closing the three horse slaughter plants by state laws, there has been a tremendous increase in the amount of horses that have been abandoned, neglected or abused. H.R. 6598 is not about protecting horses, it is about regulating animal agriculture out of business.

### **DOWNER BAN:**

The end of September brought a number of economic bills. These included a second economic stimulus package sponsored by Senator Harry Reid. While most of the bill did not pertain to the agriculture community, a ban on the processing of non-ambulatory, or downer, cattle was inserted. This language was only directed at the cattle industry and did not take into account the current downer rulemaking process underway at USDA.

NCBA contacted numerous Senators to encourage them to allow USDA to complete rulemaking before Congress took any action. Additionally, we fought the unwarranted attack on our industry caused by the legislation’s focus only on cattle. NCBA was able to generate enough votes in our favor that the bill was defeated.

### **ETHANOL:**

Cattle producers must compete for every bushel of corn that we feed to our cattle. NCBA’s producer-made policy supports continued development and investment in renewable and alternative energies. However, we believe that the ethanol industry is no longer in need of government subsidies and support. Therefore, our policy calls for the reduction and elimination of the ethanol blender’s tax credit.

In early October, Senators Max Baucus (D-MT) and Chuck Grassley (R-IA) introduced the “Energy Independence and Investment Act of 2008” (S 3478). This tax package would have created and extended certain tax benefits to the alternative and renewable fuels industry.

A provision of S. 3478 would have extended the ethanol blender's tax through 2011. Currently, the tax credit would expire in 2010. It is projected that this extension would cost tax payers almost \$5 billion.

NCBA, in accordance with our policy, opposed this extension and worked with leaders on both side of the aisle in Congress to have this extension stripped from the bill before it was introduced.