Cattlemen’s Capitol Concerns
Colorado Rancher Says Pull the GIPSA Rule

Colorado rancher Robbie LeValley testified on behalf of the National Cattlemen’s Beef Association during an Agriculture, Energy and Trade Subcommittee hearing. LeValley, who is also a co-owner of Homestead Meats, a direct beef marketing business, told members of the subcommittee that the U.S. Department of Agriculture’s (USDA) Grain Inspection, Packers and Stockyards Administration’s (GIPSA) proposed rule on livestock and poultry marketing would destroy her small business model and limit consumer choice.

“I strongly believe in the fundamental American business tenet of a willing seller and a willing buyer being able to enter into a private business transaction because it protects my pricing and marketing mechanisms,” said LeValley. “Our cattle marketing contracts are the heart of our small business and they do not warrant being posted on the internet, receiving additional government intervention and oversight or being subject to potential litigation.”

The GIPSA rule, as it is commonly referenced, was proposed last year. USDA is currently reviewing more than 60,000 comments and conducting an economic analysis. LeValley expressed concern for smaller producers that take advantage of the country; being rewarded for adding value to the end product; and producing local food. We responded to consumer demand. We followed USDA’s lead. Now we are being punished. This is a slap in the face to innovative businessmen and women,” she said. “Value-based-marketing has given our small family business the opportunity to compete for market share at the highest level. As a result, I have been able to build a small business that supports the local economy and provides consumers with the products they want.”

LeValley said the GIPSA rule is the most pervasive invasion of government in the cattle industry she has ever witnessed.

“We do not need big government setting up shop on our farms and ranches. Government intrusion into the private marketplace is not the answer,” she said. “Therefore, I encourage the Committee to help us stop this rule from being finalized as it is detrimental to ranchers, consumers and the entire U.S. economy.”

Cattlemen Raise Concern With Ethanol Compromise

National Cattlemen’s Beef Association President Bill Donald said cattlemen are pleased the energy compromise reached by U.S. Senators Dianne Feinstein (D-Calif.), John Thune (R-S.D.) and Amy Klobuchar (D-Minn.) would repeal the 45-per cent gallon Volumetric Ethanol Excise Tax Credit (VEETC) and the 54-cent per gallon tariff on imported ethanol. However, Donald said cattlemen are concerned the compromise would extend tax credits for ethanol infrastructure.

“We commend the senators for working on a compromise and especially Sen. Feinstein for her leadership on this issue by gaining support from 73 senators to level the playing field for a bushel of corn,” Donald said. “While we’re pleased the agreement would repeal the VEETC and the tariff, we are disappointed that it would continue to prop up an industry that should be able to stand on its own two feet.”

Donald said rather than perpetuating the industry’s reliance on taxpayer support with “ethanol support Part II,” we should take a market-based approach to the development and usage of renewable fuels.

“Cattlemen aren’t opposed to ethanol. We believe after 30 years and more than $30 billion in taxpayer support, it’s time to take off the corn-based ethanol industry’s training wheels,” he said. “We will continue supporting efforts to reduce our nation’s dependence on foreign energy. However, we will oppose renewable energy policies that put cattlemen at a competitive disadvantage for a bushel of corn.”
Key Lawmakers Press Urgency to Ratify, Implement Pending Trade Agreements

The message from key lawmakers during mock markups in the House Committee on Ways and Means and the Senate Finance Committee on the pending free trade agreements with Colombia, Panama and South Korea was clear. They said the longer we wait to implement the agreements, the more market share we risk losing in key markets.

“We cannot afford to let these trade agreements languish any longer. The rest of the world is fast moving forward, and we risk losing market share and jobs if we fail to act,” said Ways and Means Chairman Dave Camp (R-Mich.). “U.S. farmers, ranchers, businesses and workers have waited over four years for the jobs, increased exports and economic growth that these trade agreements will generate. We owe it to them to ensure congressional consideration of all three agreements this summer, and this meeting is an important step in making that a reality.”

Senate Finance Committee Chairman Max Baucus agrees. He said, “We cannot afford to stand still and delay progress on our trade agenda. Our competitors are gaining ground. U.S. exporters are losing business and opportunities for growth. American farmers, ranchers, workers, and businesses have been waiting for too long. Today the waiting ends. Today we deliver on our promise to U.S. workers and exporters. Today we deliver on our promise to three important trading partners.”

National Cattlemen’s Beef Association Manager of Legislative Affairs Kent Bacus said cattlemen are relieved to hear the urgency from lawmakers to pass these deals, which have been waiting for approval for too long. He said U.S. trade competitors are moving forward with trade agreements that would put the United States at a competitive disadvantage and urged Congress and the administration to resolve any final issues immediately so the deals can be approved by Congress and implemented.

“The European Union-South Korea trade agreement went into effect last week. Canada’s agreement with Colombia will go into force soon. And South Korea last week announced it would accept beef imports from Canada. Simply put, we have to get off the sidelines and into the trade ballgame,” Bacus said. “There is bipartisan, bicameral support for all three pending trade agreements and cattlemen will continue fully supporting all three until they are signed and implemented.”

**Legislative Watch**

Pending Trade Agreements with South Korea, Colombia and Panama
NCBA has been a staunch supporter of pending free trade agreements (FTAs) with Korea, Colombia, and Panama. Unfortunately, progress has stalled on all three FTAs because Congress and the White House are still debating Trade Adjustment Assistance. NCBA urges the White House and Congress to resolve all outstanding issues urges all members of Congress to vote **YES** on the FTAs.

H.R. 2112 — Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2012
Funds the U.S. Department of Agriculture (USDA), the Food and Drug Administration and related agencies for fiscal year 2012 but defunds USDA’s proposed livestock and poultry marketing rule.
NCBA urges the Senate to retain the current defunding language for the proposed GIPSA rule.

To amend the Federal Water Pollution Control Act to preserve the authority of each State to make determinations relating to the State’s water quality standards, and for other purposes. NCBA urges a **YES** vote on H.R. 2018
Key Sponsor: Reps. John Mica (R-Fla.), Nick Rahall (D-W.V.)

H.R. 2307 — Ethanol Subsidy Repeal Act
To repeal the tax credits for ethanol blenders, to repeal the tariff on imported ethanol, and for other purposes. NCBA urges a **YES** vote on the Ethanol Subsidy Repeal Act.

S. 1256 — Land and Water Conservation Authorization and Funding Act of 2011
To guarantee permanent full funding for the Land and Water Conservation Fund, which is used to “acquire new federal lands, conserve private lands and assist states in promoting recreation.”
NCBA urges a **NO** vote on S. 1256
Key Sponsors: Sen. Max Baucus (D-Mont.), Sen. Jeff Bingaman (D-N.M.)

**New on the Web**

Check out the Beltway Beef blog for inside perspectives on issues affecting U.S. cattlemen and women. This week’s features include information about the resolution of an ongoing trade dispute between the United States and Mexico regarding allowing Mexican trucks on U.S. roads. You can also follow us on Twitter, be a fan of us on Facebook, check out our latest photos on Flickr or watch video updates on our YouTube page. For audio, visit and subscribe to the Beltway Beef Podcast. You can also subscribe to our podcast on iTunes.
USDAs GIPSA Rule Must Comply with RFA

By House Small Business Committee Chairman Sam Graves

As a sixth generation family farmer, I know firsthand how binding the strings of Washington can be on a small business. An example of this is the recent United States Department of Agriculture (USDA) proposed rule that would significantly alter livestock marketing practices and further inject the government into small businesses’ marketing and business decisions. The effects of this overreaching rule could be extremely detrimental to thousands of small farms and small businesses.

The proposed Grain Inspection, Packers and Stockyards Administration (GIPSA) rule would amend the Packers and Stockyards Act of 1921 to supposedly “clarify conditions for industry compliance with the P&S Act and provide for a fairer marketplace.” However, many of the provisions within the rule will severely undermine the ability of small businesses to differentiate their products from those of their larger competitors. The proposed rule may also force changes to a company’s asset structure as well as create a broader change in industry structure that could lead to more vertical integration. This will mean less competition for livestock producers, packers and consumers—a result contradictory to the proposed rule.

Although the rule was prompted by the 2008 Farm Bill, what was proposed by USDA went far beyond the intent of Congress. If implemented, the rule would hurt thousands of small businesses in the beef, pork and poultry industries, further damage our already unstable economy and cost thousands of American jobs. In fact, independent studies have shown that if the proposed rule is adopted, it will reduce the gross domestic product by over $1.5 billion and cost the U.S. economy nearly 23,000 jobs.

“The proposed GIPSA rule will destroy our small business model, force us to lay off our employees, cripple our ability to market our cattle [the] way we want to and limit consumer choice,” said Robbie LeValley of LeValley Ranch in Hotchkiss, CO in a recent Small Business Committee hearing.

Joel Brandenberger, President of the National Turkey Federation, also testified during the hearing that the rule “likely will have a chilling effect on innovation and flexibility, leading to a race toward mediocrity. It will create legal uncertainty that will drive costs higher and cause an increase in vertical integration in the livestock and poultry sector, driving producers out of the business and possibly affecting supplies.”

The USDA’s proposal also failed to provide an adequate Initial Regulatory Flexibility Analysis (IRFA), which is extremely troubling. The IRFA is required by the Regulatory Flexibility Act (RFA), a law that charges all federal agencies with examining the impact of their proposed and final rules on small businesses. If those impacts are significant, the agency is required to consider less burdensome alternatives. The RFA is a tool designed to protect our nation’s number one job creators from unnecessary, duplicative and costly federal mandates—and should not be ignored by federal agencies.

To address these concerns, I joined with Agriculture, Energy and Trade Subcommittee Chairman Scott Tipton (R-CO) in sending a letter to USDA Secretary Tom Vilsack calling on the agency to fully comply with the Regulatory Flexibility Act (RFA) and ensure that USDA understands the private sector costs of the regulations it is imposing on all sectors within the livestock industry. We also requested that USDA publish their analysis for comment to ensure small firms can inform the agency about its effect on their businesses.

What is most baffling is that the USDA recognizes that a majority of people involved in the livestock industry are small businesses, yet they still failed to fully evaluate the proposed rules effect on small companies.

“It is very appropriate that the Small Business Committee has decided to focus this hearing on small businesses in the livestock and poultry industries,” said Edward Avalos, USDA Under Secretary of Marketing and Regulatory Programs at a recent Small Business Committee hearing. “The vast majority of farmers in general, and specifically livestock and poultry producers, are small businesses. There are currently over 70,000 hog producers, almost a million cattle farmers and ranchers, and nearly 20,000 poultry growers. The majority of these individuals are family-owned small businesses.”

Small businesses are the lifeblood of our economy and the catalyst that will lead our economy back to prosperity. Instituting rules and regulations without investigating the effects on our most robust job creators is reckless and completely misguided.

As Chairman of the House Small Business Committee, I will continue to hold the USDA accountable as the rulemaking process moves forward and help ensure that the interests of small business owners are taken into full consideration. With already so much economic uncertainty persisting, the last thing family farms need is another costly government requirement.
**CattleFax Update**

Live cattle futures closed about $0.75 lower; February and April (2012) futures are testing contract highs. Feeder cattle futures closed about $0.40 lower in spite of corn softness. Most contracts are testing/establishing new highs. The CME feeder index reported today stands at $135.69, up $0.61. Boxed beef added a few cents, but seasonal weakness is common following the holiday. Slaughter will be a bit lower this week due to the holiday, but expectations are for it to be about 602,000 head. The choice select spread remains quite depressed at $5.45. Grains traded lower. Corn fell 39 points on the July contract; December closed down about 4 points. Beans were mixed/flattish, while Kansas City wheat futures fell about 9 points.

For recent market news and analysis, visit www.CattleFax.com.

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**Your NCBA**

**Your NCBA-PAC in Action:** NCBA hosted an event this week for U.S. Representative Quico Canseco (R-Texas). Rep. Canseco is serving his first term in the U.S. House of Representatives and said he is concerned with overregulation coming from the administration.

Rep. Canseco is pictured at the right with NCBA Executive Director of Legislative Affairs Kristina Butts and NCBA Vice President of Government Affairs Colin Woodall.

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**Don't Miss Out on NCBA's Cattlemen to Cattlemen!**

Don't miss a special edition of NCBA’s Cattlemen to Cattlemen, July 12-16. We sit down with experts from Land O’Lakes Purina Feed to learn more about the different programs available to ensure your herd gets off to a healthy start. Click here for a sneak peak of this episode.

NCBA’s Cattlemen to Cattlemen debuts each Tuesday at 8:30 p.m. The show also airs Wednesday at 10:30 a.m. and on Saturday at 9 a.m. (all times are Eastern). Don't forget that you can also watch NCBA's Cattlemen to Cattlemen online anytime by visiting our website. Follow us on Twitter and become a fan on Facebook.

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**National Cattlemen's Beef Association**

The National Cattlemen's Beef Association (NCBA) has represented America’s cattle producers since 1898, preserving the heritage and strength of the industry through education and public policy. As the largest association of cattle producers, NCBA works to create new markets and increase demand for beef. Efforts are made possible through membership contributions. To join, contact NCBA at 1-866-BEEF-USA or membership@beef.org.