

The Cattlemen's Newsletter

Volume 7, Issue 1 • January 2006

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Our Mission

R-CALF USA's mission is to represent the U.S. cattle industry in trade and marketing issues to ensure the continued profitability and viability of independent U.S. cattle producers.

Visit www.r-calfusa.com!

A message from the President: Happy New Year!

What a market!

It was just a few months ago when some of the so-called experts said demand was starting to falter and that the highs in our market were over. Many of them have called for a declining market, but as I write this at the end of December we are hearing bids of 97 cents on feds and I would venture to say that by the end of January we could see feds at \$1.00. We certainly have the retail beef prices to support these fed cattle prices. And when you factor in the fund money in the cattle futures, the market momentum from having the Canadian cattle out of our market for two years, a weak U.S. dollar, opening export markets, concerns by consumers for poultry due to avian influenza, new beef products and strong consumer spending—all make for a great market.

Not to say that things won't change as we all understand the cyclical nature of our business. But I doubt it will come quite as quick as some of the nay-sayers predict. For example, recently at the Range Cow Symposium in South Dakota ranchers were told to expect the markets to start to slide, as the U.S. would harvest another 600,000 fed steers and heifers in 2006 as the cow herd expands. Now I understand all that, but it took us several years of cow reduction to get to these numbers where they have been the last few years, and I doubt it will turn around in one or two years unless there is significant import expansion. I also appreciate that we are back to importing about the same amount of under 30 month cattle from Canada (about 133,000 in the month of October) and at the present rate we will harvest nearly 1.2 million more cattle next year from Canada alone. I understand not only the impact this will have on beef supplies, but also the impact this has on packing capacity and feedlot capacity and the subsequent impact on demand for the respective classes of cattle. But if we regain only half of our Japanese export market along with some other Asian markets shouldn't that offset some of those negatives. Of course the answer is yes, so my message to you is to enjoy these strong markets. You earned it, but put some away for those rainy days. No doubt, a business should always be positioning itself for a down market, but don't forget to capitalize on a high market also. And remember a market is as much about attitude as any other fundamental, so don't let these nay-sayers have their way to early and pull this market down.

Stay aggressive and positive. There are a lot of segments of the cattle and beef industry out there

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Three directorship seats open in January; R-CALF USA calls for nominations at 2006 convention

Having completed their terms, Region I Director Leo McDonnell, Region II Director Kathleen Kelley, and Region III Director Herman Schumacher will be stepping down from these directorships in 2006. Nominations to these seats will be taken at the 2006 National Convention in Denver, Colo., January 18-21, 2006.

- Directors must be members in good standing of the Association and reside in the region that they represent.
- Upon the expiration of a director's term each region shall be responsible for nominating two or more nominees who reside within the district. Further nominations will be taken from the floor at the annual meeting. In addition, any member may petition to be nominated by forwarding a letter to the Board of Directors making such a request.

- Nominations shall be presented to only members within each board district to vote for with the top vote receiver from each respective district receiving the position of director. In the event of a tie, those names alone will be presented to the entire membership for the deciding vote.
- Each district shall form a nominating committee to assure that two or more nominees will be presented to the membership for consideration.
- Directors shall be elected by the majority vote of their region's membership by mail-in ballot and shall serve three-year terms. No director may serve more than two consecutive terms.
- Each director shall have one (1) vote within the confines of board meetings. Voting by proxy WILL NOT be allowed.

Districts open for nomination are:

- Region I shall consist of Washington, Alaska, Oregon, Idaho, and Montana.
- Region II shall consist of Wyoming, Utah, Colorado, and New Mexico.
- Region III shall consist of North Dakota, South Dakota, and Nebraska.

Keep in mind that a directorship in R-CALF USA is a very active volunteer position that includes frequent travel, speaking engagements, fundraising, membership recruitment, legislative work, research, media interaction, and direct communication with our membership.

If you would like to nominate a member for directorship in the above regions, please contact the appropriate nominating committee.

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Producers argue for sound science *By Daryll E. Ray*

U.S. agricultural and trade negotiators had been pressuring the Japanese to reopen their market which had been closed to U.S. beef since BSE (Bovine Spongiform Encephalopathy or mad cow disease) was first detected in the U.S. herd at the end of 2003.

The U.S. is also in a trade dispute with the EU (European Union) over the EU's restrictions on the importation of GMO (genetically modified organism) crops. In both cases the U.S. has argued that, on the basis of "sound science," both of these trade restrictions ought to be lifted.

On the face of it, it would seem that the U.S. argument is very strong. After all how could and why would one argue against sound science?

For their part the Europeans and the Japanese defend their actions on the basis of the "precautionary principle." The precautionary principle is what our mothers were talking about when they told us that it is better to be safe than sorry.

As long-term readers of this column know, we have written about these issues before. Our analysis of these two trade disagreements has been based on two ideas. The first is couched in economic terms arguing that the "customer is always right." If the Japanese are willing to pay for the BSE testing of every head of beef, the idea that the customer is always right would suggest that we would agree to the testing. Likewise, if the Europeans want non-GMO grain, then U.S.

farmers ought to be working to provide them with non-GMO grain.

Our second idea has been to identify why customers might assess the risk of GMO grains differently than the producers. After all, growing GMO crops makes it easier for producers to control weeds and insects.

While producers receive the benefits, customers take the risks if at a later time it were to be shown that GMO crops posed some health risk. It makes no difference how low the probability of that event is, the probability is nonzero and therefore important in minds of some customers.

Different view

This past summer we read a paper presented by Priya Om Verma and William R. Freudenberg at the 2005 Rural Sociological Society Annual Meeting that took a different look at the conflict between those advocating for the use of sound science and those advocating for the use of the precautionary principle in decision making. Verma and Freudenberg of the University of California, Santa Barbara argue that "the precautionary principle may be the more scientific of the two approaches."

The core of their analysis reduces the two arguments to their essentials. Those using the sound science as the justification for their policies - pressuring Europeans to buy GMOs or Japanese

to purchase U.S. beef - are arguing that something is safe unless it is proven to be hazardous. Thus, declaring something is safe runs the statistical risk that it is not.

Those supporting the precautionary principle are arguing that when there is a potential risk to life and safety, the prudent course of action is to err on the side of caution, risking the chance that one may reject an action or product as unsafe when in fact it may be safe.

Hurricane Katrina and the flooding of New Orleans provide us with a chance to apply these concepts to a situation most of us are familiar with.

Those officials who supported cutting back on levee repairs were arguing that the likelihood of a Category 3 hurricane that would cause a breach in the levees was very small and that the money would be better spent elsewhere. This is the sound science argument which takes the risk assuming the levees will hold when in fact they won't.

Those who were arguing for the levee expenditures and protecting the wetlands surrounding New Orleans were basing their argument on the precautionary principle. As we have seen the sound science argument favors short-term economic gain over the potential of catastrophic long-term costs. In this case we can see that an ounce of prevention would have been worth more than a pound of cure.

Applying argument

Applying this back to the case of GMO sales to the Europeans, the U.S. is arguing in favor of immediate economic gains from increased trade over and against long-term health and/or safety problems that may arise if it were to turn out that GMOs pose a risk that does not show up for 10, 20, or 30 years. Similarly, in the case of the sale of beef to the Japanese, the U.S. is arguing that the extra cost of testing each head of beef sold to the Japanese is unnecessary, given the low chance that any one animal would have BSE. The Japanese are arguing that given the long-term risks - if one imports enough untested beef, sooner or later a BSE positive animal will slip through - the cost of testing is a small price to pay for increased long-term safety.

As Verma and Freudenberg note, statistics teaches us that these two risks are closely related. As one reduces the chance of making a short-term error - rejecting a product as unsafe when it is in fact safe - one increases the chance of making a long-term error. There is a tradeoff between these two types of errors. We cannot have our cake and eat it too.

Their argument that the "precautionary principle may be the more scientific of the two approaches is based on their contention that "the precautionary principle recognizes the reality of scientific unknowns and acknowledges . . . scien-

tific uncertainty." They go on to say, "Under conditions of scientific uncertainty, judging what is an acceptable level of risk for society is an inherently political responsibility . . . These are value-laden processes that reflect differing perspectives regarding what ought to be 'society's'

preferences for short-term economic risks versus longer-term risks to health and the environment."

Daryll E. Ray holds the Blasingame Chair of Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and is the director of UT's Agricultural Policy Analysis Center (APAC). (865) 974-7407; Fax: (865) 974-7298; dray@utk.edu; <http://www.agpolicy.org>. Daryll Ray's column is written with the research and assistance of Harwood D. Schaffer, research associate with APAC.

CAFTA missed implementation date

By Pete Hisey for Meatingplace.com

None of the Central American countries that are part of the Central American Free Trade Agreement has written, rewritten, repealed or implemented the laws necessary for implementation of the trade pact, and it missed its implementation date of Jan. 1. A spokesman for the U.S. Trade Representative's office said the bitterly contested CAFTA will be delayed by at least a month, perhaps longer.

U.S. Democrats, who opposed the pact, pointed to the lack of movement by the Central American countries as evidence of a flawed policy. Of the six countries affected, all but Costa Rica have ratified the agreement, but none has taken any of the internal steps, including tariff removal, necessary for implementation.

Under the provisions of the pact, tariffs on U.S. pork and beef eventually would have been dropped altogether, a boon to the pork industry in particular. The poverty-stricken countries can't afford much U.S. beef, but there is a large market for pork variety meats in Latin American nations.

Food for Thought...

"Change has a considerable psychological impact on the human mind. To the fearful it is threatening because it means that things may get worse. To the hopeful it is encouraging because things may get better. To the confident it is inspiring because the challenge exists to make things better." ~ King Whitney Jr.

USDA Ignores Latest Scientific Evidence, Reverses BSE Protection Measures, Adopts Weakest Int'l. Standards for Japanese Beef Imports

BILLINGS, MONT. (December 21, 2005) "The U.S. Department of Agriculture (USDA) does not have a coherent BSE protection policy and is making trade deals with BSE-affected countries based on politics, not science," said R-CALF USA president Leo McDonnell, in response to USDA's final rule that allows Japan to export boneless beef from cattle of any age into the United States.

The rule (Japan Import Rule) is titled "Importation of Whole Cuts of Boneless Beef from Japan," and was published Dec. 14 in the Federal Register (Docket No. 05-004-2).

Japan's bovine spongiform encephalopathy (BSE) epidemic continues to grow, with seven new cases reported so far in 2005, and it reported its 21st case just last week. In 2004, Japan recorded five BSE cases; 2003, four cases; 2002, two cases; and, in 2001, three cases of BSE.

"Japan's adult cattle population is only 2.05 million head, and with 21 reported BSE cases, it is obvious Japan has a significant BSE problem," McDonnell explained. "Despite these facts, this Japan Import Rule immediately allows Japan to start shipping the U.S. boneless beef, no matter how old the animal was that those beef products came from.

"This sets a dangerous precedent for the U.S. cattle industry as it makes the U.S. the only major beef-consuming country in the world to accept beef from a BSE-infected cattle herd – regardless of the scope of the disease problem in that country and without requiring the more stringent BSE risk mitigation measures recommended by the OIE (World Organization for Animal Health)," he warned.

Less than a year ago, USDA published a rule on BSE and minimal-risk regions (Final Rule) to establish conditions under which the U.S. would accept beef from countries where BSE is known to exist. The agency claimed its policy was based on the latest scientific knowledge and USDA stated that several conditions must be met before the risk of importing beef from BSE-affected countries would be reduced to an acceptable level.

Among the conditions USDA stated were necessary to protect the U.S. from the introduction of BSE was the requirement that countries must have had in place – prior to the detection of BSE – risk mitigation measures adequate to prevent the establishment of the disease.

USDA explained that because of BSE's lengthy incubation period, in countries that did not have risk mitigation measures such as a ruminant-to-ruminant feed ban prior to the detection of BSE, "by the time BSE was diagnosed in such countries and control measures were implemented, the chances that the disease had significantly spread were great."

"This is precisely the case with Japan, which

did not even implement a mandatory ruminant-to-ruminant feed ban until after late 2001, when it first discovered BSE in its native herd," McDonnell pointed out. "With 21 cases of BSE, Japan's rate of BSE is now over 10 cases per million head of cattle.

"Based on USDA's own conclusions regarding BSE, Japan's BSE epidemic is not expected to peak until five years after Japan implemented its feed ban, putting the expected peak during 2006 or beyond," he continued. "So, despite Japan's failure to implement timely prevention measures, USDA now says that this criterion doesn't apply to Japan. And, despite the higher inherent risk of BSE in the Japanese cattle herd, the U.S. will, nonetheless, begin importing Japanese beef."

USDA supports its newly relaxed position based on the same scientific knowledge the agency had when the agency established the condition in the first place – simply that BSE has not been detected in the muscle tissues of cattle.

But this isn't all.

In addition, and again, based also on the agency's 'latest scientific knowledge,' USDA defended its decision in the Final Rule to allow imports only from countries that met the condition of a BSE minimal-risk country, based on the agency's implementation of what the USDA calls a series of interlocking and overlapping mitigation measures to minimize the risk of introducing BSE into the United States.

"This series of barriers included a requirement that only cattle and beef from cattle under 30 months of age would be allowed from minimal-risk countries – a recognition that the BSE risk is inherently higher in animals over 30 months of age," McDonnell explained. "However, USDA has tossed this important mitigation measure out the window by allowing imports of Japanese beef from animals over 30 months of age, and the agency is now attempting to defend its action by claiming that age doesn't matter after all.

"Unfortunately, however, USDA is accepting this over-30-month (OTM) Japanese beef from cattle of all breeds, including Holstein and Wagyu cattle, while imposing only the least stringent of all the risk mitigation measures recommended by the OIE," McDonnell cautioned.

"The Japan Import Rule does not require the removal of high-risk tissues such as the brains, spinal cord and vertebral columns from Japanese cattle over 12 months of age, which is the minimal practice in every other country in the world, except Canada, with multiple cases of BSE," McDonnell pointed out.

"USDA has not used any new scientific findings to support its relaxation of restrictions on Japanese imports," noted veterinarian and R-CALF

USA Vice President-Elect Max Thornsberry. "Instead, the agency has merely changed its conclusions drawn from the same scientific evidence it previously used to require much more stringent mitigation measures."

In fact, Thornsberry pointed out, when R-CALF USA presented USDA with new scientific research (conducted on a naturally infected BSE cow by German researchers Anne Buschmann and Martin Groschup and published in the September 2005 issue of *The Journal of Infectious Diseases*) which not only reinforced previous findings but also revealed new findings showing BSE infectivity in new tissues – an obvious argument for proceeding with far more caution – USDA selectively dismissed the new scientific evidence on the basis the agency has not adequately confirmed that the scientific findings are correct.

"In other words," stressed Thornsberry, "USDA is radically abandoning its scientific risk mitigation measures and is dismissing cutting-edge science without first confirming if such actions are unnecessarily increasing the risk of BSE."

Moreover, Thornsberry said, the Japan Import Rule contradicts the agency's previous conclusions on measures needed to mitigate the BSE risk. Just months ago, USDA considered BSE surveillance testing as an essential BSE mitigation measure. However, in the Japan Import Rule – which imposes no testing requirements on Japan – USDA now reverses its position and states that surveillance is not a mitigation measure.

Thornsberry explained that Japan currently conducts what is called an ELISA screening test followed by a confirmation test using the Western blot method on all older slaughtered cattle. This testing allows Japan to remove infected cattle from the food chain, particularly older cattle. But, because the U.S. does not require imports to be subject to such testing, Japanese beef from even older, high-risk cattle may be exported to the U.S. without undergoing a screening test to ensure that beef from older, BSE-infected animals is not exported to the United States, he said.

"U.S. consumers and U.S. cattle producers deserve the utmost in protections from USDA, and this action of relaxing important health and safety standards in order to meet political ends – despite new scientific evidence – shows the agency has lost sight of its statutory responsibilities," Thornsberry emphasized. "USDA could not be more inconsistent than is demonstrated by this rule.

In another clear example of inconsistency in the Japan Import Rule, USDA has ignored OIE's requirement that beef products not be derived from cattle that may have been fed animal feed containing ruminant byproducts. Because the Japan Im-

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Cattle Producers Request District Court Hearing on BSE Litigation

BILLINGS, MONT. (January 9, 2006) R-CALF USA, on Friday, filed a motion in U.S. District Court – District of Montana (District Court) to request a hearing before U.S. District Judge Richard F. Cebull in its litigation against the U.S. Department of Agriculture regarding the agency's minimal risk rule (Final Rule) issued in January 2005, which dealt with opening the United States' borders to cattle and beef products from countries affected by bovine spongiform encephalopathy (BSE).

On March 2, 2005, the District Court issued a preliminary injunction, which prevented USDA's Final Rule from being implemented and, in effect, continued a ban on the import of Canadian cattle and certain beef products into the United States. However, USDA appealed that decision, and in July 2005, the 9th U.S. Circuit Court of Appeals (9th Circuit) reversed the preliminary injunction, which reopened the Canadian border to live cattle under 30 months of age and beef from cattle under 30 months of age.

R-CALF USA's position is that the 9th Circuit decision does not limit, or eliminate, the need for oral arguments of the case and a ruling by the District Court on the summary judgment motions filed by both R-CALF USA and USDA.

"In fact," the motion states, "events since the briefing of the summary judgment motions only reinforce the need for this Court to review and vacate USDA's January 4, 2005 Final Rule allowing importation of cattle and beef from Canada."

R-CALF USA's motion explains that the facts in the case had not been fully developed when the 9th Circuit considered only the narrower question of whether R-CALF USA was entitled to a preliminary injunction while the merits of the entire case were still being developed in the District Court.

"Back in July, the 9th Circuit heard only some very limited facts that were presented during the March hearing before Judge Cebull, and since then, even more scientific information has been discovered about BSE, indicating that USDA should be exercising more caution about this risk, not less," explained R-CALF USA President and Co-Founder Leo McDonnell. "We're asking the District Court to resume its consideration of our case, and in our motion we've pointed out the numerous inconsistencies in USDA's actions that warrant a careful, critical review by Judge Cebull."

The motion also points out that the 9th Circuit decision did not address all of the evidence and arguments R-CALF USA has now presented in its challenge against the Final Rule, including the evidence that indicates "USDA's regulation of BSE has been guided by consideration of inappropriate factors rather than sound scientific judgment...a desire to have open trade with Canada and the express financial impact on multinational meatpackers..."

The 9th Circuit said that federal agencies generally should be granted "deference" in their decision-making, but in this case, deference to some of USDA's conclusions simply is not warranted (see notes below). Because the 9th Circuit did not address these considerations, R-CALF USA's motion argues the District Court should not feel bound by the 9th Circuit's conclusion that no quantification is needed of the risk of such a major, precedent-setting action as the Final Rule.

The motion also references two recent federal rulemakings that demonstrate USDA is not applying sound scientific judgment to the BSE issue, and the motion points to USDA's recent rule allowing the importation of beef from animals of any age from Japan (Japan Import Rule) – despite the fact Japan has not implemented the minimal preventive measures USDA determined were necessary for imports from countries known to have BSE.

"USDA's assertions underpinning the Japan Import Rule are so inconsistent and contradictory to the assertions it made in the Final Rule that it leaves no doubt that USDA is ignoring science," noted McDonnell. "USDA, and FDA for that matter, have failed to provide – for both the U.S. cattle herd and U.S. beef consumers – adequate protections against the increased risk caused by importing cattle and beef from BSE-afflicted countries, with many of those protection measures being recommended by leading U.S. and international BSE scientists.

"As a result, numerous pathways of BSE infectivity remain, and this has increased, rather than decreased, the United States' risk of BSE, particularly given that we have now resumed imports of cattle and cattle products from countries with an inherently greater risk for BSE," McDonnell continued. "In order to provide multinational meatpackers with cheap foreign supplies, USDA has left the U.S. with some of the least protective BSE mitigation requirements of any developed country, turning the U.S. into a dumping ground for meat and livestock other modern nations have banned.

"The solution is to immediately correct those known deficiencies," he emphasized. "Recently, fast-food giant McDonald's, as well as a group of the world's foremost scientific experts on BSE, all filed formal comments with the Food and Drug Administration (FDA) that back up, with solid scientific research, the message and the position that R-CALF has maintained since the onset of our case."

R-CALF USA Region IX Director James Fudge said that R-CALF USA's motives, from the beginning, have been not only to strengthen our domestic safeguards against BSE, but also to get USDA to implement Mandatory Country-of-Origin Labeling (M-COOL), and force the agency to harmonize global beef-trade practices.

"Our goal has been to work with the agency to

these common ends, and avoid litigation if possible," said Fudge. "But in the end, we had to stand up for what was right to ensure the long-term viability of cow/calf producers around the country.

"The ones most affected by USDA and FDA rules always have had the least influence with those running the agencies and making the decisions," Fudge continued. "This court is the only place that has allowed us to be heard and for that we are grateful, regardless of the outcome.

"We hope in the future that USDA will spend as much time and effort responding to the needs of those affected by its rules as the agency has spent defending itself against those they are supposed to represent," Fudge emphasized.

Note: A few examples to show why USDA should not be granted deference in this case and how wayward the agency has strayed from its own policies include the following:

1) USDA's own procedures, when deciding whether to allow into the U.S. imports from a region potentially impacted by disease, state that while a qualitative risk analysis is generally adequate for regions considered to be free of certain diseases, regions in which the disease is known to exist due to recent outbreaks are deemed to pose a higher level of risk and have historically been approached quantitatively, because such an approach allows the assessment of specific risk concerns, testing of assumptions, analysis of attendant uncertainty, and evaluation of the effectiveness of proposed risk mitigation measures. USDA did not adhere to these standards when evaluating the risk of importing Canadian cattle and beef into the United States.

2) The "Animal Disease Risk Assessment, Prevention and Control Act of 2001, PL 107-9," which was not considered in the 9th Circuit's opinion on the preliminary injunction, reflects a congressional objective "to make certain that the Congress and the American public are fully informed as to the reliability of our nation's animal health inspection system (and) its ability to protect our domestic herds and the American public from the potential introduction into the United States of" BSE.

3) USDA itself, in the Federal Register Notice for the Japan Import Rule, acknowledges the agency should not base its decisions on whether to restrict imports of cattle or beef from countries affected by BSE on potential effects to international trade, and yet USDA repeatedly has relaxed requirements for imports from Canada expressly to reduce an impact on trade.

4) USDA reversed its judgment that banning cattle from countries with BSE was one of the most important measures necessary to prevent the intro-

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Hong Kong ends U.S. beef ban *By Pete Hisey*

Hong Kong, which in 2003 imported about \$90 million worth of U.S. beef, has reopened its market to beef imports from the United States.

Hong Kong will allow the import of boneless beef from cattle under 30 months of age. Agriculture Secretary Mike Johanns, noting that Hong Kong was the United States' fifth largest export customer prior to the discovery of bovine spongiform encephalopathy in Washington State in late 2003, welcomed the announcement and said he expected trade "will quickly begin."

Hong Kong authorities said that the government would begin processing import requests immediately, but that it would watch the process carefully and each consignment of beef must have prior written permission from the Food and Environmental Hygiene Department. Hong Kong also hinted that the 30-month restriction was "an initial stage," leaving the door open for imports of all U.S. beef products.

Cattle producers... *(Continued from page 4)*

duction of BSE into the United States – without the agency providing adequate justification and without referencing new information that could justify USDA's reversal of its position.

5) In explaining its Final Rule to allow imports from Canada, USDA said Canada's surveillance testing of cattle was one of three key BSE mitigation measures... only to proclaim less than a year later in its Japan Import Rule that surveillance testing is not a BSE mitigation measure at all.

6) FDA's proposed amendments to the feed ban do not remove all of the loopholes USDA left in the Final Rule for FDA to address. However, FDA does acknowledge the validity of numerous concerns raised by R-CALF USA about the potential ineffectiveness of the feed ban — concerns that USDA has told the courts are inconsequential.

7) USDA's BSE risk mitigation measures are not foolproof, although the agency would like the public and the courts to think they are. In August 2005, a load of cattle imported from Canada to Wisconsin included one animal over the age limit of 30 months, and eight pregnant heifers – violations of the Final Rule. Unfortunately, the animal over the age limit was slaughtered and the meat distributed without applying BSE mitigation measures. Media reports also quoted a Canadian official who confirmed that a total of 15 pregnant animals were detected in shipments from Ontario and western Canada. These instances confirm R-CALF USA's concern that the Final Rule is inadequate to protect the U.S. from this type of risk.

8) Another example of the vulnerability of USDA's BSE risk mitigation measures — but one that USDA never acknowledged in its assertion that Canadian imports present virtually no risk — recently was revealed by an investigation of the agency's Food Safety and Inspection Service (FSIS) enforcement of policies to assure removal of specified risk materials (SRMs) from certain cattle. The investigation uncovered more than 1,000 violations of BSE risk mitigation measures over an 18-month period at slaughterhouses around the country — confirming that SRM removal policies were not comprehensively being implemented.

Three directorships... *(Continued from page 1)*

Region I Nominating Committee: Judie Manuel, Chair, Winnett, Mont., 406-429-7101; Margene Eiguren, Jordan Valley, Ore., 541-586-2423; Lee Engelhardt, Moses Lake, Wash., 509-766-0161; James Whittaker, Leadore, Idaho, 208-768-2491; Ginger DeCock, Hysham, Mont., 406-342-5349.

Region II Nominating Committee: Kimmi Lewis, Chair, LaJunta, Colo., 719-384-4034; Sam Britt, Grenville, N.M., 505-374-9787; Skip Waters, Moorcroft, Wyo., 307-756-3279; Arthur Douglas, Howell, Utah, 435-471-2235.

Region III Nominating Committee: Joan Kazmerzak, Chair, Lake Prescott, S.D., 605-847-5123; Buck Maher, Menoken, N.D., 701-673-3161; Chris Abbott, Hyannis, Neb., 308-282-2826.

Need to know more? Contact the R-CALF USA national office at 406-252-2516.

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Signature _____

- Voting members must own cattle. Annual voting dues are \$50.00 per year per member (one member/one vote).
- Associate members do not own cattle and do not have voting rights.

Please mail application and dues (check, money order, or credit card information) to the address below. Contributions or gifts to R-CALF USA are not tax deductible as charitable contributions. However, they may be tax deductible as ordinary and necessary business expenses.

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R-CALF United Stockgrowers of America

P.O. Box 30715, Billings, MT 59107

Phone: 406-252-2516, Fax: 406-252-3176

R-CALF USA Seventh Annual National Convention - Denver, Colorado

“Guardians of the Next Generation”

Tentative Convention Schedule

Wednesday, January 18, 2006

Noon Trade Show set-up

4:00 p.m. Registration opens

6:00 p.m. Affiliate Council Meeting—Chuck Kiker, Chair

7:00 p.m. Directors Meeting

Thursday, January 19, 2006

7:00 a.m. Trade Show opens—coffee available in Trade Show area
Registration opens

8:00 a.m. Convention Welcome by Max Thornsberry, Convention Chair
National Anthem and Pledge of Allegiance
Welcome to Colorado
The History of R-CALF USA—Tom Hinthorne and Herman Schumacher

8:45 a.m. Convention rules by Max Thornsberry, Convention Chair

9:00 a.m. Transition of the Presidency

9:15 a.m. Transition of the Vice Presidency

9:30 a.m. CEO/Treasure's Report—Bill Bullard

10:00 a.m. Affiliate Council Report—Chuck Kiker, Chair
Membership Committee Report—Judie Manuel and Margene Eiguren, Co-Chairs
CCMP Committee Report—Jay Miller, Chair

10:30 a.m. Morning Break and Trade Show

11:00 a.m. Key Note Address: Trade Challenges and Opportunities Facing U.S. Cattle Producers—Terry Stewart, Esq., Stewart and Stewart LLC, Washington D.C.

Noon Luncheon
“Report on CAFTA Trip to Central America”—Joel Gill, Doug Zalesky, Max Thornsberry, and Dennis McDonald

1:30 p.m. Export Developments and Opportunities

2:15 p.m. Homeland Security Issues

3:00 p.m. Afternoon Break and Trade Show

3:30 p.m. “Making Trade Work” International Trade Panel

4:30 p.m. Policy Development
National Membership Committee
International Trade Committee
National ID Committee

5:30 p.m. Trade Show, Silent Auction, and Cowboy Social

7:00 p.m. R-CALF USA Night at the National Western Rodeo

Friday, January 20, 2006

7:00 a.m. Trade Show Opens—coffee available in Trade Show area
Registration Opens
Regional Caucuses

8:00 a.m. M-COOL Committee Report—Danni Beer, Chair

8:15 a.m. M-COOL Panel
Economic Impact of BSE and Other Animal Diseases
Analysis of Preliminary Rules

9:00 a.m. National Animal ID Committee Report and Panel

10:30 a.m. Morning Break and Trade Show

11:00 a.m. Farm Bill Overview

Noon Luncheon

1:30 p.m. Marketing Committee Report and Panel

3:00 p.m. Break—Trade Show

3:30 p.m. Policy Development
Marketing Committee
Checkoff Committee

5:00 p.m. Trade Show, Silent Auction, and Cowboy Social

7:00 p.m. Banquet and Awards Presentation

Saturday, January 21, 2006

8:00 a.m. BSE Committee Report and Panel—Dr. Max Thornsberry, Chair
Legislative and Legal Updates

9:30 a.m. South American Beef and Cattle Industry

10:15 a.m. Staff Reports

10:45 a.m. Final Policy Adoption
Formal Director Nominations

Noon Luncheon
Closing Comments
Convention Adjournment

R-CALF USA Seventh Annual National Convention - Denver, Colorado

"Guardians of the Next Generation"

Convention Registration

R-CALF USA encourages convention-goers to register early to take advantage of reduced registration rates. There are a limited number of meals available and registration after Jan. 10, 2006 increases to \$60.00. To guarantee your place at convention at a great rate, pre-register by mail or telephone at 406-252-2516.

Once again, R-CALF USA will be holding both silent and live auction fundraisers, and members are encouraged to donate items or services. Past conventions' auctions included apparel, tack, house wares, veterinary supplies, supplements, oil changes and repair services, and registered semen. All donors are granted an additional year of membership for their generosity. To make a donation, ship your auction item to R-CALF USA, 155 S. 18th St. and Minnesota Ave., Billings, MT 59101 by January 10, 2006 or bring your item to the registration desk at convention.

Do you want to propose a resolution and need help drafting it? Do you have a policy idea, but can't make it to convention? Call 406-252-2516 and

our staff will make sure your concerns get to convention!

Make your hotel reservations now and take advantage of special reduced room rates—\$69.00 plus tax for single or double occupancy. The main event dates are January 18-21, 2006. Guests wishing to arrive early may do so starting January 13, 2006 and depart as late as January 25, 2006, based on availability. Please contact the Doubletree Hotel Denver directly at 303-321-3333.

The Doubletree Hotel Denver at 3203 Quebec Street, next to the new Quebec Square regional retail center, is minutes from downtown Denver and the Denver Convention Center. Our full service hotel, centrally located just south of I-70, provides scheduled, complimentary shuttle service to and from *Denver International Airport* and downtown Denver, as well as free parking at the hotel. Spacious guest rooms and suites feature all the comforts of home and high-speed internet access.

Registration	Cost	# of Attendees	Sub-total
Conference Pre-registration Cost (Registration after Jan. 10, 2006 is \$60.00)	\$50.00 X	_____ = \$	_____
Meals			
Thursday			
Lunch (Country Fried Steak)*	\$16.00 X	_____ = \$	_____
R-CALF USA Night at the National Western Rodeo	\$12.00 X	_____ = \$	_____
Friday			
Breakfast Buffet*	\$12.00 X	_____ \$	_____
Lunch (New York Steak Sandwich)*	\$16.00 X	_____ = \$	_____
Banquet (Prime Rib)*	\$25.00 X	_____ = \$	_____
Saturday			
Lunch (Beef Tips)*	\$16.50 X	_____ = \$	_____
*Meals must be guaranteed 48 hours prior to the conference. Extra meals may not be available at registration on Jan. 18-21. Price includes gratuity and all			
			Total \$ _____

Name _____ Company _____

Address _____

City _____ State _____ Zip Code _____

Phone _____ E-mail _____

Payment: Check Visa MasterCard Credit Card # _____

Expiration Date _____ Name on Card _____

Authorized Signature _____ Date _____

Mail payment and registration to: R-CALF USA, 2006 National Convention, P.O. Box 30715, Billings, MT 59107.



The Cattlemen's Newsletter

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Message... (Continued from page 1)

after a piece of the pie, so stay engaged and keep the momentum going. That's the purpose of R-CALF USA and I'll have to say it has been one heck of a long rewarding ride. While there are those who say it was just coincidence that our markets did not crash in December of 1998 along with the hogs and then improved in 1999 due to the trade cases filed by R-CALF USA in 1998. And while there are those who say it was only a coincidence that our cattle and beef markets responded so strong during the Injunction against USDA in 2004 and 2005, then I say if all R-CALF USA continues to accomplish by its existence is to generate such coincidences—well, that's good enough for me and as good as reason as any to keep R-CALF USA growing.

When it comes to legislative issues, if it wasn't for R-CALF USA mandatory COOL would not have been passed by Congress and been signed into law. While there are still those who do not want U.S. consumers to know where their beef comes from, and delays continue to plague the COOL law, one thing is for certain and that is COOL will

USDA ignores evidence... (Continued from page 3)

port Rule does not restrict cattle that were born before Japan's 2001 feed ban, there is no provision or other assurance that cattle or beef products from cattle born and fed before the implementation of Japan's feed ban would not be exported to the United States.

"One of the most frustrating things about this to cattle producers is USDA taking this action without regard to whether this relaxation of BSE standards will adversely affect our ability to restore the other export markets that were closed to us after the December 2003 discovery in Washington state of a Canadian cow with BSE," he explained.

"What's happening here is that USDA is hoping no one will object to this radical relaxation of health standards because they want to get into the Japanese market so badly," McDonnell warned. "But USDA will now use this industry silence to support equally relaxed standards for Canada and other countries with BSE, opening the U.S. market to older cows and bulls that present a greater risk of introducing BSE."

come as long as the U.S. cattle producers stay engaged.

If it wasn't for R-CALF USA many of our elected officials would not understand the difference in trade impact to the beef sector vs. the cattle sector. There would be no language signed into law by the President of the United States stating an understanding that "future trade agreements will carry special rules for perishable and cyclical ag products including cattle and beef." There would have been no special rules in the Australian FTA allowing for an 18 year phase out on TRQ's and no special safeguard that allows for the reduction of imports when U.S. cattle prices fall below break-even. There would be no CDSOA (Byrd) amendment.

There would be no national cattle organization meeting with Commerce, USDA, and our U.S. trade Representative office working to ensure they understand what tools US cattle producers need to make sure trade is enhancing to U.S. cattle producers and not destructive.

Thousands and thousands of hours have been spent by R-CALF USA staff, leaders, mem-

bers, affiliates, our Washington D.C. firm Stewart & Stewart, and our D.C. office to make sure our industry, elected official and government agencies understand the concerns of ranchers and because of these efforts the winds are changing and a more responsible approach to trade and our markets is developing. As this is my last letter as President, I want to thank all of you for your support and involvement. None of the afore mentioned would have occurred including hundreds of submission and testimonies in D.C., and internationally if it wasn't for the ground-swell support from U. S. ranchers to return to that long tradition of having a national organization which solely represents only U.S. cattle producers, and that's R-CALF USA.

Also remember, change does not come easy or fast—it's a process, and the more you work to take control of your future and business, the more you will be criticized—so lean forward.

The best to all of you in the coming year.

Respectfully,
Leo McDonnell



Comments, news,
industry info? Those in the
know go to
[www.r-calfusa.com!](http://www.r-calfusa.com)