



The

# National Producer

National Livestock Producers Association

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## New CAFO Rule Sits Uneasily with Livestock Producers

**AgricultureLaw.com, 12/17** -- Environmental Protection Agency (EPA) Administrator Christie Whitman and Agriculture Secretary Ann Veneman, have announced a final rule that will require all large concentrated animal feeding operations (CAFOs) to obtain permits that will ensure they protect America's waters from wastewater and manure. The rule is being criticized by livestock producers as extremely expensive. It is designed to control runoff from agricultural feeding operations, preventing billions of pounds of pollutants from entering the nation's waters.

The announcement finalizes a rule that will replace 25-year-old technology requirements and permitting regulations that did not address today's environmental needs and did not keep pace with growth in the industry, said EPA and USDA. Effective manure management practices required by this rule will maximize the use of manure as a resource for agriculture while reducing adverse impacts on the environment, they add.

About 15,500 livestock operations across the country are affected. Under the new rule all large CAFOs will be required to apply for a permit, submit an annual report, and develop and follow a plan for handling manure and wastewater. In addition, the rule moves efforts to protect the environment forward by: placing controls on land application of manure and wastewater, covering all major animal agriculture sectors, and increasing public access to information through CAFO annual reports.

The rule also eliminates current permitting exemptions and expands coverage over types of animals in three ways: the rule eliminates the exemption that excuses CAFOs from applying for permits if they only discharge during large storms; second, the rule eliminates the exemption for operations that raise chickens with dry

*continued on page 6 . . .*

## NLPA To Focus on Animal ID at Meeting

**Colorado Springs, CO (NLPA)** - The National Livestock Producers Association will hold its annual board meeting, with a special focus on livestock identification, Jan. 12-14, 2003 at the Hilton Waikoloa Village in Kamuela, Hawaii.

NLPA has been involved in an effort to design a national identification system for livestock and will be reviewing a draft ID plan developed by the National Food Animal Identification Task Force, of which NLPA is a member.

NLPA's guest speaker is Steve Kay, editor of Cattlebuyers Weekly. He is recognized as an authoritative and impartial observer of the North American meat and livestock industry and is widely quoted in national and regional daily newspapers and weekly news magazines, including the Wall Street Journal, Forbes and Business Week. He grew up on a dairy, beef, sheep and hog farm on the South Island of New Zealand. After graduating from university with a Master's degree in history and a postgraduate degree in journalism, he worked for daily newspapers in New Zealand.

For more information about the meeting, please contact Scharee Atchison at 1-800-237-7193.

## What's Inside?

Plans to Open Tama Beef Packing Plant . . . . .	2
Editorial: COOL May Not Be So "Cool" . . . . .	3
Mid-States Wool Co-op Survives Transition . . . . .	4
New CAFO Rules, <i>continued</i> . . . . .	5
Dairylea Honors Dairy Farms . . . . .	6

# Cattle Producers Move Forward with Plans to Open Tama Beef Packing Plant

**Iowa Farm Bureau** –Midwest cattle producers have moved one step closer to owning a packing plant.

The Iowa Quality Beef Supply Cooperative has raised \$7.2 million from an equity drive this fall to open the Tama beef packing plant, project leaders announced in October. Cattle producers needed a minimum of \$7 million to move ahead with plant renovations.

The Tama beef plant could begin processing cattle in February 2003, organizers said.

"The word 'exciting' has been used quite a bit today, but, honestly I don't have any other word that would adequately describe what's going on here in the eyes of the cattlemen," said Jim Pellet, president of the Iowa Cattlemen's Association. "We are really excited about what is happening."

More than 755 cattle producers have purchased common stock in the Iowa Quality Beef Cooperative, said Joel Brinkmeyer, Iowa Cattlemen's Association executive vice president. These producers come from 95 of Iowa's 99 counties and 11 other states.

The co-op has also raised \$700,000 from nonproducer investors, Brinkmeyer said.

"We were catching cattlemen at a time when money was tight," he said. "But despite that, cattlemen have willingly stepped up."

## Plant Renovations

The Iowa Quality Beef Supply cooperative has partnered with the American Foods Group, a meat processing company based in Green Bay, Wis., to open the Tama beef plant.

The American Foods Group will oversee the plant renovations and manage the plant's day-to-day operation.

So far, the renovations have been limited to tearing out old equipment to make room for the new, said Carl Kuehne, chief executive officer of the American Foods Group. The plant is currently seeking construction bids.

Renovations will include a redesign of the fabrication room and a new slaughtering system designed by Temple Grandin, an expert in humane handling from Colorado State University.

The plant will also feature the latest in food safety technology, including steam pasteurization to remove

potentially harmful bacteria from beef carcasses.

"The plant will essentially be totally refurbished," Kuehne said.

The Tama beef packing plant will process approximately 1,200 head of cattle daily, Kuehne said. The plant's workforce will include 600 full-time employees. The annual payroll will total approximately \$18 million.



## **The National Producer**

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The image shows a black and white photograph of several sheep in a field, with the text overlaid on top.

# Country-of-Origin Labeling May Not Be So "Cool"

**By Rick Keith, President  
PLMA-Omaha and NLPA  
Communication & Legislation  
Committee Chairman**

The Cattle Buyers weekly had a good article on country of origin labeling (COOL). The article reported that COOL will cost nearly \$2 billion in its first year just for recordkeeping. And it will take more than 59 million hours.

Developing and keeping records will cost producers of all the various commodities covered by COOL \$1 billion. It will cost food handlers, including packers, \$340 million. And it will cost retailers \$628 million.

None of these cost include what it will cost livestock producers for an individual animal identification scheme, which will be necessary under COOL. The \$2 billion estimate comes from the U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS), which will oversee and audit COOL.

COOL will apply to more than 500 products in retail stores, including meat, fish, fruit, vegetables and peanuts. The USDA estimates there are approximately 2 million commercial farms, ranches and fishermen in the United States.

It estimates the time required for a producer to develop a recordkeeping system that would meet its guidelines to be one day. The ongoing time required to generate and to maintain the required records would be about one hour per month. It estimates the hourly rate or value of time for a producer to be \$25 per hour.

Thus, the total burden for producers to develop a recordkeeping system would be 2 million producers x \$25 per hour x 8 hours = \$400 million. In addition, the annual burden for producers to generate and to maintain the required records would be 2 million producers x \$25 per hour x 12 hours = \$600 million. Thus, the total potential burden on producers in the first year could be \$1 billion, according to the AMS.

Add this to the \$340 million cost for food handlers, including the packers, processors, and importers, wholesalers and distributors, and the \$675.75 million cost to retailers covered by the guidelines, for a total cost of \$1.968 billion.

In the long run we all know who pays the bills. The food handlers and retailers have had a propensity to maintain their margins, either passing the charges on to their customers or paying less for the products in the first place. I am sure farmers and ranchers will pay for some of their additional costs.

## 2002 Election

On the national level, the election results and their aftermath have brought about a number of changes in the political environment. The biggest change is in the Senate, where Republicans regained control. In the House, Republicans also picked up several seats adding to their majority.

The president will now have a Republican-led Congress to work with when it comes to establishing priorities and setting the agenda. This can be a powerful advantage.

However, with margins still very close, there will still be a need on a number of issues to reach across the aisle to be successful - especially in the Senate, where 60 votes are often needed.

Still another big change in the political environment is that both the House and Senate Agriculture Committees will have new chairmen and several vacancies to fill. In addition, there will be a lot of new faces in the 108th Congress, with at least 50 new members in the House and 11 in the Senate for an overall turnover of more than 10 percent.

Senator Thad Cochran (R-Miss.) takes over the Senate Committee on Agriculture, Nutrition and Forestry for Senator Tom Harkin (D-Iowa). The announcement that Chairman Larry Combest (R-Texas) will retire May 31, 2003, has set off a contest for chairman for the House Ag Committee - meaning a big turnover in the House committee.

Since the 1990 Farm Bill was written, the House Agricultural Committee has seen more than a 98 percent turnover. Only Congressman Charlie Stenholm (D-Texas), now ranking minority member, remains a veteran of that debate.

The conclusion is that the political environment for farmers and ranchers has changed in many ways. As a result, there will be challenges and opportunities.

Meeting the challenges and capitalizing on the opportunities will require not only the right strategy, but a strong commitment to work together when it comes to public policy and related programs.

# Mid-States Wool Co-op Survives Transition In Wool Management and Marketing

*By Ross McSwain,  
NLPA Correspondent*

Since 1918, Mid-States Wool Growers Cooperative has been serving thousands of sheep producers over a multistate region of America. When the wool industry took an economic hit a few years ago with low prices and poor demand, the co-op had to seek ways to refinance its operations and streamline its services in order to meet the future needs of its 12,000 grower members.

The cooperative applied for and obtained a loan for operating capital from the National Livestock Producers Association. The loan is serviced through the credit division of United Producers Inc. in Columbus, Ohio.

“The loan allowed us to refinance the cooperative and provided much needed financing for our operations,” said Don Van Nostran, the co-op’s general manager located in Canal Winchester, Ohio.

Currently, Van Nostran said, the cooperative has two warehouse locations. The one in Ohio handles wool grown east of the Mississippi, and the Kansas warehouse facility handles wool coming from west of the Mississippi. Each location has two divisions - the wool department and the livestock supply division.

“While our cooperative was organized in 1918 for the purpose

of marketing wool for our members, the supply divisions were added later to provide supplies to sheep producers throughout the country,” Van Nostran said.

“Currently, we market sheep supplies through two catalogs we print and mail as well as through our web site. About 90 percent of our supply business is done through mail order or telephone, 5 percent is done through the Internet and about 5 percent is from walk-in business at the warehouses.”

Livestock supplies offered include: electric shears and clippers, feeding and watering equipment, sheep handling, fitting and grooming supplies and equipment, docking, dehorning and castration equipment and fencing materials. Other items include clothing, home spinning equipment, blankets, pharmaceuticals and scales.

“The marketing of livestock supplies has provided the cooperative with cash flow during the recent time of depressed prices for wool and has allowed us to continue to operate our wool divisions,” Van Nostran observed.

A few years ago when wool prices took a serious slump worldwide, sheep producers in the Northwest started selling their animals. With



*This shows the grading table where all wool is individually fleece graded. Twenty-four different grades of wool are made in the Mid-States warehouse in Ohio. In addition, custom blends to customer specs can be made up in 45,000 pound units.*

reduced sheep numbers and fewer pounds of wool being sold in the United States, the co-op’s board of directors decided to close its warehouse facility in Belle Fourche, S.D., and consolidate its western operations with its Kansas facility. The Belle Fourche operation was closed in January 2002, Van Nostran said.

Van Nostran said the cooperative works with about 12,000 sheep producers in 22 states and markets about 4.6 million pounds of wool annually. The majority of the sheep producer members of the co-op have small flocks and will generally sell less than 350 pounds of wool annually.

“This means that no one producer has enough volume to attract bids on their individual clips,” Van Nostran said. “However, with the cooperative, producers can bring their wool to the co-op and we individually grade each fleece and

group the fleeces into marketable 45,000 pound container units to offer to the mills both domestically and internationally. Individually, the producer has fewer options, but through the cooperative, we can offer an attractive package and producers can receive a fair price for what they produce.”

Van Nostran said the co-op has historically offered three methods of payment: cash, grade and yield, and consignment. With wool prices under such intense pressure the last few years and with many wools finding little or no demand in the marketplace, the co-op has been selling wool only on consignment with settlement after the wool has been sold and a market price established.

The wools that come into the cooperative’s two warehouses range from 20 micron to 34 micron with the majority ranging from 27-32 microns, Van Nostran said.

“With the number of producers that we work with, there are a number of different sheep breeds, which makes for the wide variation in microns, lengths and styles of wool sold,” he explained.

The average size flock that the cooperative works with ranges from 30 to 40 head. However, the

cooperative also handles large clips of wool, but very few of its producers have over 300 to 400 head.

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“Individually, the producer has fewer options, but through the cooperative, we can offer an attractive package and producers can receive a fair price for what they produce.”

**-- Don Van Nostran  
General Manager**

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Since the cooperative service covers such a large area - in fact, 22 states - Van Nostran said it requires some 150 handlers and shearers to collect the wool in their respective communities.

“When the wool accumulates, we have our trucks go to these handlers and pickup the wool for grading at the warehouse,” he said. The grading and packaging of the wool is perhaps the most modern in the industry. The recently installed automated grading system, especially designed by Integrated Technologies Group, brought increased production at lower costs using a computer terminal and automated controls to direct the system. The number of workers required per shift was reduced from six to four, and the amount of wool graded per

shift was increased from a shift average of 8-10,000 pounds under the old system to 11-12,000 pounds using the new method. Van Nostran said the new system allowed an 88 percent increase in production per worker.

“We are very satisfied with the (new) system,” said Van Nostran. “It does everything we wanted it to do. We were looking to reduce labor costs and mechanize as much as possible. . . the system has enabled us to run the entire process with only two people if we want. It has minimized the amount of labor to perform all tasks.”

In addition to the new automated grading system, Mid-States also has made changes in wool packaging, Van Nostran noted.

After more than 100 years of packing wool at the farm or ranch in traditional jute bags, the cooperative started using a plastic film bag and pouches in 1999. U.S.

*continued on page 7 . . .*

*Fleece buckets travel the ceiling of the warehouse distributing wool to the designated location in the warehouse.*



## New CAFO Rule Sits Uneasily with Livestock Producers, *continued from page 1*

manure handling systems; and third, the rule extends coverage to immature swine and immature dairy cows.

Currently about 4,500 operations are covered by permits. Because of the new rule, EPA expects that up to 11,000 additional facilities will be required to apply for permits by 2006.

The new rule will affect large livestock operations such as those with hundreds of thousands of hogs, cattle and poultry. Large CAFOs are defined in the rule as operations raising more than 1,000 cattle, 700 dairy cows, 2,500 swine, 10,000 sheep, 125,000 chickens, 82,000 laying hens, and 55,000 turkeys in confinement.

Approximately 500 million tons of manure are generated annually by an estimated 238,000 livestock operations. From 1982 to 1997 these large livestock operations have grown by 51 percent, with some of the largest facilities having capacities exceeding a million animals. Since 1978 the number of animals per confined animal operation has increased significantly. The largest

per operation increases have been: layers (176%), broilers (148%), swine (134%), turkeys (129%), dairy (93%), and beef cattle (56%). For more information visit: [www.epa.gov/npdes/caforule](http://www.epa.gov/npdes/caforule)

The rule will result in additional environmental protection requirements for pork producers, including enhanced manure handling, nutrient management planning, and increased record keeping and reporting, says the National Pork Producers Council.

It will "add significant compliance costs, new responsibilities, and additional public oversight and legal risks to pork production," said NPPC President Dave Roper, a pork producer from Kimberly, ID. "Although EPA and the Bush administration have worked hard to develop a rule that is affordable, achievable, sustainable and science-based in nature," he added, "the rule will present many challenges to pork producers over the next 15 to 20 years."

The rule "could threaten the continued existence of some pork

producers. This concerns us, and NPPC will continue to work hard to help all pork producers comply with this rule and to find ways to minimize the economic stresses they will face," he said. "NPPC will focus its efforts on helping producers secure the technical and financial assistance they will need to upgrade the environmental performance of their facilities."

This will include access to the Environmental Quality Incentives Program (EQIP), as amended in the 2002 farm law, which provides substantial technical and cost share assistance to eligible farmers and ranchers who adopt practices that benefit the environment, Roper added.



### **Congratulations to Tod Fleming!**

Tod Fleming, Equity Cooperative Livestock Sales Association Vice President of Cattle Marketing, was recently elected president of the Wisconsin Beef Council.

Tod will fulfill a two-year term of office working with a 22-member board, representing the interest of cattle producers through check-off promotional efforts. Tod has represented Equity on the Wisconsin Beef Council Board since 1999.

### **Passings**

NLPA was saddened to hear of the passing of a former NLPA Chairman of the Board. Elmer Mannschreck, Anadarko, Okla., passed away in November 2002. Mannschreck served as National's Chairman from 1970 - 1976.

We are also saddened by the passing of Elizabeth Green, wife of long-time NLPA Director, Bill Green. Mr. Green represented Texas Livestock Marketing Association on NLPA's Board.

## ***Dairylea Honors Farms with Positive Approach to Dairying***

**SYRACUSE, NY (Dairylea)**—Three Dairylea Cooperative Inc. member-farms were presented with the Pride of Dairylea Award at the Cooperative's annual meeting on October 15, in Liverpool, N.Y. The Pride of Dairylea Award recognizes farms that are well-managed, well-maintained and work to produce a high quality product.

Dairylea member, **Kim Gray** has operated a small dairy operation alongside her farm market, which she and her husband started 25 years ago. Gray has a herd of 50 Jerseys and Jersey crosses and utilizes rotational grazing. Gray does all of the morning milking, herd management and most of the field work. She pays special attention to keeping the animals healthy and that is reflected in the quality milk they produce.

**Cooperstown Holstein Corporation**, a nearly 300-cow operation

with eight full-time employees, is managed by Peter Huntington, his daughter Jennifer and Eric Watson. Peter serves as the overall manager and bookkeeper, Jennifer is the head herds person and Eric serves as crop manager. From day one, Cooperstown Holsteins was a progressive dairy operation. In 1965, Peter was one of the first producers in New York State to install a parlor system. Twenty years later, Peter installed a methane digester in an effort to get away from the daily spread and odor issue. Just recently the farm began producing its own electricity with the addition of a cogeneration system. The farm's success can be credited to continued forward-thinking and a strong management team.

**Frey Dairy Inc.** has a long history in the dairy business. The Freys have been milking cows and making

ice cream in the hills of Conestoga, Pa., since the 1930s. Today, owner Tom Frey, oversees a 1500-cow dairy operation employing 21 - including one of his three daughters, Rachel, and her husband. The operation has seen steady growth, doubling its size in the past 20 years with the construction of two 600-cow free stall barns and a new double-30 parlor. Two shifts of employees milk groups of 150 to 180 cows three times daily. To accommodate this, milking occurs around the clock and milk is moved through a plate cooler and directly to one of two milk tankers. The operation also features a manure treatment system that helps recycle more than 230,000 gallons of wastewater from the farm daily. The dairy keeps an eye on producing a quality product and achieves that through the hard work and dedication of all who work there.

## **Mid-States Wool Co-op, *continued from page 5 . . .***

woolen mills were demanding a change from the jute bags to improve the quality of the domestic clip. According to Stanley Strode, Mid-States Ohio warehouse wool manager, the world had been seeking answers to packing wool for decades trying to come up with a product that would be non-contaminating to the wool, yet strong enough to withstand handling of the bag from the shearing pen to the warehouse.

Strode said the new plastic bags and pouches are the same size as the jute bags currently being used. The plastic film bag is not like the plastic fiber-type bagging material used in feed sacks, which caused much contamination when used to pack wool, mohair and other fibers.

Van Nostran says the majority of the wool marketed by Mid-States Wool Growers Cooperative continues to be sold to the domestic market, but through the efforts of

the American Sheep Industry Association and its affiliate, the American Wool Council, new markets for American wool are being developed overseas.

"During the past few years most wools have moved fairly well but the price has not been profitable to the warehouse or to the producer. However, 28-29 micron short wools under two inches in length have been accumulating for the last three years with no interest from any direction," Van Nostran said.

In recent years, mohair production has shown an increase in some states that the cooperative serves and the co-op has made efforts to work with the mohair growers. However, Van Nostran notes that the co-op does not handle a large volume of mohair.

"Once the hair has been sorted, we send it to Texas to be marketed," he said

## Baker Named Nevada's Cattleman of the Year

Dean Baker of Baker, Nevada was named "Nevada Cattlemen of the Year" at the Joint Convention of the Nevada Cattlemen, Nevada Cattlewomen, Nevada Woolgrowers, and Nevada Land Action in Winnemucka, Nev., Nov. 14-16.



**Dean Baker**

Baker won the award for his service to agriculture. He said he has been a member of the Cattlemen's Assn. for more than 30 years and has served as a director and on the Executive Committee for many years. He has also been on the Nevada State Tax Commission for seven years.

Baker, and his wife, Barbara, with the help of their three sons, David, Craig and Tom, farm approximately 2,000 acres of corn, alfalfa and barley. The family also runs approximately 2,000 cows that summer on private irrigated meadows and winter on deserts. The operation also includes a warm-up feedyard with a 3,000+ capacity. The ranch, which straddles the Nevada-Utah border, has been in the Baker family since 1959.

Baker represents Producers Livestock Marketing Association, N. Salt Lake, Utah, on the board of the National Livestock Producers Association.

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