



The

National Producer

National Livestock Producers Association

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Beef Industry Begins Developing Universal Certification to Deal With BSE and Food Safety Issues

Colorado Springs, CO (NLPA) --Member organizations of the National Livestock Producers Association (NLPA) have fielded many calls recently from their patrons who have been asked by packers to prove that the cattle they are selling have not been fed any ruminant derived protein.

The Livestock Marketing Association recently reported that some of the United State's largest packers are refusing to purchase cattle from producers who have not signed a statement certifying that none of their cattle or other ruminant animals have been fed any feed containing protein derived from ruminant tissues.

This recent move by packers is an effect of the recurring cases of bovine spongiform encephalopathy (BSE) in the United Kingdom and Europe. Although no cases have been reported in the United States, the media frenzy about Europe's outbreak has put everyone in the cattle business on the defensive.

NLPA President Scott Stuart said he had been in constant contact with NLPA member organizations, LMA and Packers & Stockyards for the past few days.

"We are working together to determine the legality and implications a certification program could have for our members and their producers," Stuart said.

According to the National Renderers Association (NRA), in 1997 the United States instituted a ruminant-to-ruminant feed ban under which materials processed from the slaughter of cattle and sheep cannot be fed back to these species. The Food and Drug Administration (FDA), which administers the feed ban, in its initial audit of the ban reported that the rendering industry had a 97 percent compliance record in meeting the documentation requirements.

Renderers and feed mills are already expected to be in compliance with the rule, but how and when will producers be expected to follow suit and certify their feeding methods?

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NLPA to Host Combined Meeting in Washington, D.C., April 18-20

Colorado Springs, CO (NLPA) -- The National Livestock Producers Association is hosting meetings for several of its internal committees from April 18 - 20, in Washington, D.C.

On April 18th, Sam Philips, NLPA's Chairman of the Board, John Frank, Vice-Chairman, and Scott Stuart, NLPA President, plan to meet with several legislators about critical livestock issues that are scheduled to be addressed in Congress this year.

The NLPA Sheep & Goat Fund Committee will meet on April 19th. The committee will further discuss pending loans and consider new applications for funds. The NLPA Executive Committee will meet following the NLPA Sheep & Goat Fund Committee and the two groups will enjoy a joint reception that evening.

Finally, on April 20th, NLPA will hold it's first annual CEO/General Manager retreat. The goal of the retreat is to bring together the leaders of each organization and give them an open forum to discuss the major issues they are dealing with and to collectively develop solutions to these issues.

Please contact Scharee Atchison at 1-800-237-7193 for more information.

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PLMA Says Goodbye to Two Retiring Employees

Omaha, NE (PLMA) -- Two staff members with a combined 47 years of service at Producers Livestock Marketing Association (PLMA) are retiring.

Jim Toft, senior vice president, and Don Corneer, vice president of Producers Beef Programs, said they would miss working side-by-side with their customers and colleagues at PLMA, but they look forward to spending more time with their families -- and on the golf course -- when they retire.

Toft worked his last day at PLMA on Dec. 31st. Corneer plans to phase into retirement by working fewer days starting April 1st.

Toft's retirement from PLMA is actually his second retirement. Before joining PLMA in 1990, Toft worked 25 years in the cooperative banking industry. He was persuaded to come out of retirement by his friend and former PLMA CEO Don Miller.

"I've always been close to agriculture. I was raised on a farm and still have farming interests," Toft said. "And so to me, the greatest accomplishment that we can do as a cooperative is to

help benefit farmers by providing financing and management tools for them to be able to make a better living."

Toft's job responsibilities have included supervising the accounting work and financing, acting as a liaison between PLMA and its lender banks, preparing financial projections and maintaining personnel paperwork. He also has served as secretary to the PLMA Board of Directors.

"In a small organization like this, most of the people have jobs that cross several sections," Toft said. "I even go over and pick up the mail once in a while."

Corneer first started his career at PLMA in 1963, working in the organization's sheep department at the Omaha stockyards.

"I got my start in the Omaha stockyards, following my dad since I was 11 years old," Corneer said. His father was an employee of the United Stockyards Company.

Corneer later was named general manager of PLMA's cattle sale barn in Kearney, Neb., until PLMA shifted to country marketing in 1976.

Today, Corneer oversees the Producers Beef Programs staff. He often rides with the country marketing agents when they visit customers and helps train new agents.

Corneer has several customers whom he has served continuously for nearly 30 years. "They are not only customers, but friends," he said.

During retirement, Corneer and his wife, Rose, will reserve time to travel and play golf.

Toft and his wife, Virginia, are planning to spend more time with their two children and grandchildren.

Dairylea Hires Mathur as Vice President of Dairy Marketing Services

Syracuse, NY (Dairylea) -- Dairylea is pleased to welcome Sharad Mathur, who is joining Dairy Marketing Services (DMS) as Vice President. Mathur has degrees in physics and mathematics from universities in his native India, and more than 20 years of milk procurement and milk marketing experience in the Northeast -- first with

Sunnydale Farms, and then with the larger Parmalat organization.

Mathur brings a wealth of technical and operations experience in milk-related matters. He and his wife, Mary, have already relocated to Central New York from the downstate area.



The National Producer

Monthly newsletter of the National Livestock Producers Association

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Pierce Miller Named Citizen of the Year

By Rashda Khan, staff writer for the San Angelo Standard Times

The San Angelo Chamber of Commerce chose a West Texas rancher and oilman, a man described by friends and colleagues as a “doer” and a visionary, to honor as Citizen of the Year Tuesday.

Pierce Miller, a vocal champion for the U.S. sheep and goat industry with deep ranching roots in the Concho Valley, received the honor at the chamber’s annual banquet.

“There can be no question, our recipient is a dedicated leader whose knowledge of agriculture, persistence in fighting for the industry and effectiveness as a spokesperson over the past 20 years have had significant impact on the ranching industry not only in West Texas, but also throughout the nation,” Lee Pfluger said in his introduction of Miller.

A surprised Miller reacted to the honor by saying: “Son of a gun, they pulled the wool over my eyes!”

Miller, who has worked to enhance the value and consumption of American-produced sheep and goat products and has been an advocate of identifying American products for consumers through labeling, regards ranching as “Mother Nature in her purest form.” “The sun and rain make the grass grow, which the sheep takes and transforms

into the most delicious lamb and finest of wool,” he said.

Miller said the largest concentration of sheep - 20 percent of the nation’s product - is in San Angelo and West Texas.

He added that the natural resources and infrastructure essential to the industry needed to be protected and enhanced.

The Ozona-born and bred Miller serves as chairman of the National Sheep Industry Improvement Center, which oversees a \$20 million federally funded program to facilitate the economic viability of the U.S. sheep and goat industry. **Miller is also a member of the National Livestock Producers Association’s Sheep & Goat Fund Committee.** In addition, he is a director of Ranchers Lamb of Texas, which has created more than 100 jobs in the area.

Miller’s past industry related accomplishments include being president of the American Sheep Industry Association (ASIA), director of the Mohair Council of America and chairman of the Legislative Action Council of ASIA.



Pierce Miller

He is managing partner with VIP Livestock Co., a family partnership raising Rambouillets, Angora goats and cattle in Crockett County, and president of Moleo Gas Corp., also a family business.

Long active in the agriculture industry, he is involved with the Texas Food & Fiber Association, Texas Agricultural and Natural Resources Summit Initiative, Texas Sheep and Goat Raisers’ Association and Mohair Council of America.

His involvement has garnered Miller other recognition as well. Miller was awarded the prestigious Fred T. Earwood Memorial Award, recognizing dedication and loyalty to the sheep and goat industry, in 1995.

Miller also has been active in civic affairs. He has served as president of the chamber of commerce, San Angelo Industries, Lighthouse for the Blind and San Angelo Cultural Affairs Council. He also was treasurer of the San Angelo YMCA and has been involved with Hospice of San Angelo and the San Angelo Boys Club. Last year, then-Gov. George W. Bush appointed Miller to the Texas Board of Criminal Justice.

Miller graduated from the University of Texas at Austin with a bachelor’s in finance and earned the highest honors and from the Southwestern Graduate School of Banking. He spent 17 years in the banking industry before returning to ranching.

**NLPA Sheep & Goat Fund
Applications are available online!**

Visit the NLPA Web site at www.nlpa.org
or call 1-800-237-7193



PLMA-Omaha Adjusts Services, Staff to Meet Needs of Iowa Premium Pork

**By Richard Ellinghuysen,
Vice President of Pork Marketing
Producers Livestock Marketing Assn.**

Early last year, Iowa Premium Pork Company (IPPC) came into existence. Its development stemmed from a task force established by the Iowa Pork Producers Association (IPPA) following the tough market year of 1998.

After a drive lasting approximately two months, the organization had 1,400 shareholders, formed a corporation and established a lease arrangement for office space in the IPPA office in Des Moines. During that time and prior to the formal establishment of IPPC, there were many talks between the organizers and the retired Producers Livestock (PLMA) President, Don Miller, and current PLMA President, Rick Keith.

The talks resulted in a joint venture contract between IPPC and PLMA in which PLMA would provide programs and services to assist the development of a Phase 1 initiative for IPPC.

Following the planning and conceptual state of the relationship development, new staff was hired to offer PLMA programs and services to IPPC shareholders. I came on board in June as Vice President of Pork Marketing, and soon after began adding service staff.

IPPC began the Phase 1 development by first dividing the state of Iowa into four parts. The parts are geographically different in size, but equate roughly into equal numbers of pigs as represented by IPPC shareholders. A development approach was then initiated that systematically brought additional new staff on board.

Jim Huen, who is the pork service agent for central and southwest Iowa, came on board the end of July. In mid-August, Jackie Groth, PLMA's agent for northeast Iowa started. In September, Bill Nielson joined us and began providing services to northwestern Iowa. And in early November, Dick Baker began his work with us in southeast Iowa.

Throughout the early stages of this effort, new accounting systems were expanded and created. In July, Sue Ernesti

came on board and began working with the new systems in Omaha.

Many members of our PLMA staff in Omaha were intimately involved in developing and testing the systems and their functions. In our Sioux City office, Larry Sills, our senior pork agent, increased his workload as we began using that office as a "market price discovery and coordination hub." Shirley Frank continued processing the existing and growing business being done through that office.

The extraordinary growth of business, staffing and systems that came about over the past several months was aided greatly by the Commodities and Credit staff as well. As the business grew, everyone had a hand along the way. The effort truly has become greater than the sum of its parts!

As we look back at the past year, we can see how an idea became a relationship,

became a business segment and became a new area of growth for Producers Livestock. This transition resulted in the foundation of a new organization: Iowa Premium Pork Company.

It's been a real pleasure to participate in the development of this new entity. Have there been challenges? You bet!

Have we made real inroads into the pork industry? Absolutely. Has this been good for both PLMA and IPPC? It certainly has.

"...the foundation for business growth and excellent customer service has been established and is functioning very well."

**--Richard Ellinghuysen
President of Pork Marketing**

There is much more work to be done and new challenges to face. But a great deal has been accomplished in one year. Our business volume in pork marketing and commodity contracting is growing. Our new customer base is expanding. And the number of satisfied customers is increasing.

Like any new venture of this size, things haven't always gone perfectly. But like all successful enterprises, the foundation for business growth and excellent customer service has been established and is functioning very well.

Just this month, we sent out our first Quarterly Pork Performance Report to several hundred new customers.

In the year ahead, we look forward to continued growth and to providing our new customers with the top-notch service that they deserve.

NPPC Responds to Decision to Continue Pork Checkoff

Des Moines, IA (NPPC) -- The National Pork Producers Council issued the following statement regarding the USDA settlement agreement to continue mandatory pork checkoff.

"The National Pork Producers Council (NPPC) supports the settlement agreement announced on Feb. 28th by the United States Department of Agriculture (USDA).

As a result of the settlement agreement, the mandatory pork checkoff will continue. The checkoff will continue to be invested in programs that will promote pork, educate consumers and producers, and address critical research priorities for pork producers of all sizes and geographic locations.

In addition, the settlement agreement will require a distinct separation between NPPC and the National Pork Board – and particularly checkoff-funded programming and noncheckoff-funded policy initiatives. As a result, NPPC's role as general contractor to implement checkoff-funded programs will be terminated. Thereafter, NPPC will focus on policy related legislative and regulatory issues. These activities will be funded with only noncheckoff or unrestricted funds. In addition, the National Pork Board will be charged with the implementation of checkoff-funded promotion, consumer education and research initiatives.

NPPC has agreed to this settlement for a simple but extremely important reason. This settlement fulfills our overarching goal of continuing the highly effective pork checkoff for the benefit of every pork producer.

The settlement agreement does not affect the current structure or operations of state pork producer organizations or the long-standing pork producer control of their checkoff funds.

Finally, as an element of the settlement agreement, USDA will conduct a survey of eligible pork producers and importers no sooner than June 2003, to determine if 15 percent or more of the eligible producers and importers favor a referendum. In this way, pork producers will be provided an opportunity to express their support or concern with the checkoff. If 15 percent of the eligible producers and importers request a referendum, one will be held in accordance with 7 U.S.C. § 4812(b) of the Pork Act.

On January 12, 2001 the Michigan Pork Producers Association, independent pork producers and the National Pork Producers Council filed a lawsuit in the United States District Court, Western District of Michigan seeking a Temporary Restraining Order (TRO) and a Preliminary Injunction. These legal actions were intended to stop USDA from taking actions to terminate the mandatory pork checkoff.

On January 19, 2001 the Judge presiding over the case granted a TRO, thereby blocking USDA from publishing or promulgating final rules while the Order was in effect. In addition, the Judge set a preliminary injunction hearing for February 2, 2001. Subsequently, USDA requested a delay in the preliminary injunction hearing. The parties agreed to a delay until March 16, 2001.

The Michigan Pork Producers Association, the independent pork producers and NPPC made three major arguments in our case. These arguments, in general terms are: 1) the Secretary of Agriculture did not have the legal authority to call for a

referendum on the pork checkoff given that 15 percent of the eligible pork producers and importers did not sign a petition to request a referendum; 2) the Secretary of Agriculture did not have the legal authority to terminate the

pork checkoff at all, and; 3) given the numerous irregularities identified in the implementation and voting on the referendum, there

was no clear determination on the true outcome of the vote.

With the agreement of the settlement, our claims against USDA are resolved. At the request of pork producers, the Pork Promotion Research and Consumer Information Act became law in 1985. The pork checkoff funds research, promotion and education programs designed to build a future and create opportunities for pork producers. By agreeing to this settlement brought forth by USDA, checkoff-funded programs will continue to benefit pork producers."

"This settlement fulfills our overarching goal of continuing the highly effective pork checkoff for the benefit of every pork producer."

-- National Pork Producers Council

Order your Cattleman's Calculator today!

If you are interested in purchasing one of these handy tools or would like more information, call the National Livestock Producers Association at (719) 538-8843 or email Melissa Schneider at maschneider@nlpa.org.



Market Commentary

February 14, 2001 Report
by John Nelson, Producers Livestock Marketing
Association in Omaha, Nebraska



LIVESTOCK FUNDAMENTAL COMMENTS

CATTLE

Weather still seems to be a big factor affecting performance, both in the Midwest and in the southern yards. It is not uncommon to hear closeouts where ending weights are running 50-75 lbs. lighter than previously expected. In addition, current market-ready numbers are in tight supply, leaving packers two choices: 1. Pay feedlot asking prices or 2. Cut kills. They selected the last alternative, reducing kill levels to hopefully bolster boxed beef prices. These reduced kill plans will apparently stay in place again this week, again with the hope to force beef prices higher and improve packer margins. There is increasing concern that we are backing up numbers, as kill levels have dropped considerably over the past three weeks. Strong beef demand needs to resurface if we are to see higher live prices over the next 45 days.

HOGS

Cold weather affected the hog market last week as well, in addition to poor packer margins. Rather than run up hog prices to convince producers to sell during the cold weather, packers elected to cut kill levels. Most hogs sold about \$1 lower from the previous week, \$39-41 live for 51.53 percent lean. On the other hand, cold winter weather doesn't have the same impact on the hog market as it does for the cattle market. With most hogs finished in confinements, weights don't suffer much at all. We just back up numbers until the weather moderates, as reflected in Feb. 12th's large kill. Hog supplies will remain more than ample for 30 more days or so. As with beef, product demand must show some signs of life, or cash prices won't show much improvement (if any).

USDA STATS

CATTLE

- Last week, beef packers cut back on kills, down 2 percent from the previous week and down a whopping 11 percent from the same week last year.

- Average carcass weights remained unchanged last week at 741 lbs., compared to 746 lbs. last year. Live weights were unchanged as well at 1228 lbs., compared to 1229 lbs. last year.
- Total beef production was up 2 percent from the previous week and down 12 percent from the same week last year.
- Due to reduced kills, packers were able to force boxes higher, up \$2/cwt. at \$125.20.

HOGS

- Pork packers were forced to cut kills as well, as last weeks total was down 4 ½% from the previous week and down 5 ½% from the same week last year.
- Average carcass weights remained the same at 197 lbs., but still up 3% compared to the same week last year. Live weights remained unchanged as well at 266 lbs., compared to 262 lbs.
- Total pork production last week was down 4 ½% from the previous week and down 5 ½% from the same week last year.
- Pork cutouts did improve some last week at \$60.46/cwt., up \$1.58 from a week ago.

LIVESTOCK MARKETING RECOMMENDATIONS

CATTLE

No new recommendations are being made at this time. Seasonally, live prices can actually strengthen during the month of March. We will be recommending additional hedge positions for the summer time frame when (if) that seasonal strength occurs. Summer marketings need to be hedged.

HOGS

No new recommendations are being made at this time. From a seasonal standpoint, the next 30 days or so usually doesn't give us better hedging opportunities. Possibly, late March and April will, assuming a March quarterly hog report that doesn't throw us any surprises.

For more information, call John Nelson at 1-800-831-5936.

Information contained herein is based on what is believed to be the most reliable resources available at the time of publication. Trading commodity futures or options involves risk, and past performance does not indicate future results.

Beef Industry Begins Developing Universal Certification to Deal With BSE Issues

The American Meat Institute (AMI), the American Feed Industry Association (AFIA) and the NRA have been talking about the creation of a universal certification statement program for several weeks. The Animal Protein Producers Industry (APPI) recently approved a contract company to perform audit and regulatory compliance inspections using third party inspection guidelines established by the FDA rule. The NRA voted to support APPI's initiative on Feb. 20th.

On Jan. 29th, the National Cattlemen's Beef Association brought together leaders from across the cattle industry and government agencies to ensure that the industry attains 100 percent compliance with the 1997 Food and Drug Administration feed ban. The meeting was called when FDA records showed that feed mills were not fully complying with all aspects of the ban.

The meeting generated a large volume of media coverage. The 13 major agriculture groups representing cattle producers, feed manufacturers, renderers, processors and veterinarians reaffirmed their commitment to implement and enforce sound, science-based measures to prevent BSE from occurring in the United States.

On Feb. 3, NCBA joined the leaders of the Mexican and Canadian cattlemen's associations in signing an agreement to keep North America BSE free. On Feb. 16, the organization held a briefing for congressional staff on the steps that the beef industry has taken to prevent BSE from occurring in the United States.

On Feb. 26th another meeting on the topic of developing a certification system was held in Washington, D.C. on Feb. 26th. The meeting included packers, processors, producer groups, and federal regulators, Nancy Robinson, Livestock Marketing Association (LMA) vice president for government and industry affairs, said.

"A goal of the meeting was to develop one certification statement that will be acceptable to all parties, and to decide on a "reasonable" date when such certificates will begin to be used," Robinson said.

As a result of the meeting, LMA has developed a series of letters and certificates to help smooth the certification process for markets and producers. LMA said that "the documents have been developed by LMA legal counsel, and has been accepted by all the major livestock industry groups and most packers and therefore should be acceptable to any packer

requiring producer certification, thus eliminating the need for multiple certification statements."

LMA plans to distribute the letters, certificates, and recommendations to its members in early March. It is expected that a certification system would be in effect by April 1st.

In regard to this issue, LMA recommends the following actions:

- Initiate a certification program with your sellers and buyers by April 1. (Although a number of packers have already sent letters to their suppliers requesting this certification by early March, all the major livestock organizations, including the packers, have agreed to April 1 as the date the certifications must be in place.)
- Send a letter to your customers explaining the certification program and what you are asking them to sign.
- Maintain a record of all the certifications that you receive.
- Permit the FDA, upon request, to review all records related to enforcement of the FDA ban on feeding of ruminant materials to cattle and animal drug use.

"This will mean additional paperwork for producers, but will afford us all a little more protection against a possible BSE outbreak and will boost consumer confidence in our products," Stuart said. "Our best defense is to safeguard our industry in ways that show consumer confidence in U.S. produced beef is paramount. If this is what we need to do to protect ourselves then we need to take leadership in the issue."

For more information on the certification process, please call NLPA at 1-800-237-7193, or LMA at 1-800-821-2048 or visit LMA's Web site at www.lmaweb.com.

For more information on BSE, please refer to NCBA's recently launched checkoff-funded Web site — www.BSEinfo.org. — a scientific information resource about BSE/CJD and new variant CJD (vCJD). The resource was created four years ago and recently reviewed and updated for its own Web site by NCBA's panel of scientific experts in the fields of veterinary medicine, prion/protein studies, neuropathology, and disease surveillance. The Web site has had more than 1,800 visitor sessions in just two weeks.

News Highlights for February 2001

AgricultureLaw.com (2-26-01) – USDA will lift a temporary hold on imports of processed beef and associated products from Brazil. The decision was made after a visit to Brazil by animal health officials who were able to review and analyze requested data to complete a bovine spongiform encephalopathy risk assessment. Upon reviewing the data, USDA officials were assured that Brazil has taken measures to prevent BSE and that the suspension on imports should be lifted but only under the following conditions:

- 1) Shipments must be certified as containing beef products from cattle that were born and raised in Brazil and not from any imported sources of beef;
- 2) the beef must come from cattle born after Brazil enacted its 1996 ruminant-to-ruminant feed ban; and
- 3) shipments must have a statement accompanying them that certify that the cattle used in the products were exclusively grass-fed and not fed any animal proteins.

USDA, along with appropriate federal health agencies, has determined that there is no risk of BSE introduction associated with the import of Brazilian beef and beef products under the above conditions. There is no evidence of BSE in Brazil. Imports are to resume immediately.

Ministry of Agriculture, Fisheries & Food, London (2-23-01) – To help ensure that the current outbreak of Foot and Mouth disease is contained and eradicated as quickly as possible, the Ministry of Agriculture is prohibiting the movement of all sheep, cattle, pigs and goats within Great Britain. Great Britain will be declared a “Controlled Area” under the Foot and Mouth Disease Order 1993 from 5 p.m. Feb. 23 until Friday, March 2. Agriculture Minister Nick Brown had the following comments on the situation:

"The State Veterinary Service have already identified some 400 animal and vehicle movements which need to be investigated. The Chief Veterinary Officer for Great Britain, Jim Scudamore, has advised me that there is therefore a real risk that FMD could appear anywhere in the UK. In the circumstances, and after discussion with interested parties in the farming and food industries, he has advised that there should be a seven-day standstill of livestock movements throughout the country. With the relatively short incubation period of FMD, this should give us a much better handle on what kind of outbreak we are facing; and meanwhile stop the movements which pose the greatest risk of spread."

