

R-CALF's Bill Bullard Responds to Questions on FMD, Related Issues

Editor's note: Following are Bill Bullard's responses to *The Milkweed's* questions about Foot-and-Mouth Disease and other important livestock issues before USDA. Bullard is CEO of R-CALF USA, the activist grassroots cattle producers' group.

Question: How would U.S. livestock producers be affected by the current APHIS proposal to allow "regionalized" beef imports from certain areas of Brazil, a country that lacks FMD-free status?

Bullard: Regionalization is a very risky strategy because it increases the risk, and hence the likelihood, that the U.S. will introduce a foreign animal disease such as Foot-and-Mouth Disease (FMD) into the United States. One of the most effective strategies for preventing the introduction of foreign animal diseases is that of avoidance. For decades the United States has successfully avoided the risk of introducing FMD by not importing high-risk products from countries that had not yet made the investment, as the U.S. has already done, to control and eradicate such dangerous diseases as FMD.

Question: Is the APHIS "regionalization" proposal strictly an animal health issue or would it affect U.S. livestock markets as well?

Bullard: APHIS' regionalization proposal is intended to encourage the importation of more beef into the United States. Additional beef imports will add to the total available beef supply and this will result in a reduction in prices that U.S. livestock producers receive for their cattle. APHIS' proposal to allow fresh beef from 14 states in Brazil predicts that cattle producers will suffer a loss of \$316 million per year if imported beef from Brazil increases by only 143 million pounds. To put this into perspective, this is far less beef than what we import each year from Mexico. And, if the U.S. imports twice as much fresh beef from Brazil than it currently imports from Brazil as only pre-cooked beef, then the U.S. will import well over 143 million pounds.

Question: Why is R-CALF generally critical of USDA's enforcement of federal law and regulations protecting U.S. livestock from FMD, BSE, and other foreign livestock diseases?

Bullard: While nothing is more important to U.S. cattle producers than to prevent the introduction of foreign animal diseases into the U.S. herd, USDA has nevertheless decided that the United States should begin accepting a higher risk for disease introduction than it has in the past in order to facilitate more trade. As a result, USDA has adopted a policy that places a higher priority on increasing global trade and a lower priority on preventing disease introduction. One only needs to look at USDA's policy regarding bovine tuberculosis (TB) to see that guarding against disease introduction now takes a back seat to trade facilitation. The USDA's Office of Inspector General (OIG) reported in 2006 that 75 percent of all the bovine TB cases detected in U.S. slaughtering plants originated in Mexico, and these cases were detected in 12 U.S. states. The OIG explained that because Mexican cattle spend many months on U.S. farms and ranches prior to slaughter, each bovine TB case is potentially spreading the disease in the United States. In addition, the OIG stated, "Until additional controls are added, APHIS cannot reasonably expect to achieve its goal and eradicate TB when it is being imported into the United States each year." This OIG report makes clear that USDA's priorities are very different than those of U.S. cattle producers. The USDA has chosen to ignore known pathways for dangerous foreign animal diseases for no other reason than to achieve its new goal of trade facilitation.

Question: When and why was the policy of "regionalization" adopted, and how has it affected U.S. livestock producers in the past?

Bullard: Prior to the 1994 Uruguay Round of the General Agreement on Tariffs and Trade (GATT), there was a clear recognition that increased global trade in livestock and meat products would inherently increase the risk of introducing diseases. The U.S. had long recognized this increased risk and that is why it had adopted a policy that essentially said the U.S. would only trade with those countries

that were determined to be free of some of the most dangerous diseases, like FMD, classical swine fever, rinderpest, and BSE.

However, during the 1994 Uruguay Round of GATT, there was concern that the U.S. policy of avoiding trade with countries affected by dangerous diseases was impeding global trade because, for example, most of the world was affected by FMD and Europe was experiencing a spread of BSE. To overcome this trade impediment, the international organizations adopted a strategy that they believed would help facilitate more global trade in the face of disease outbreaks, and that new policy was a concept known as regionalization. Regionalization is a concept predicated on the notion that climatological factors, geographical factors, and biological factors, were more important in disease control than were national political boundaries.

In 1997, USDA undertook a major overhaul of our U.S. animal health regulations and adopted the regionalization scheme as its new policy which it said would be in conformity with the World Trade Organization.

By sheer luck U.S. livestock herds have not yet been exposed to FMD from regions within countries that USDA had declared free of FMD, but which nevertheless experienced FMD outbreaks. As shown below, the USDA does not have the ability to accurately assess the risk of FMD in countries with histories of FMD outbreaks, including countries where FMD had not been reported for nearly a decade:

- **About three months** after USDA regionalized Argentina and concluded that Argentina's outbreak of FMD was "well controlled," USDA was forced to abandon regionalization through an emergency action in response to new, widespread FMD outbreaks in Argentina.

- **About four months** after USDA regionalized Uruguay and concluded the risk of FMD was limited to only one region in Uruguay, USDA was forced to abandon regionalization through an emergency action in response to new, widespread FMD outbreaks throughout Uruguay.

- **About two months** after USDA regionalized the Republic of South Africa and concluded that the country's outbreak of FMD was "well controlled," USDA was forced to abandon regionalization through an emergency action in response to widespread FMD outbreaks in the Republic of South Africa.

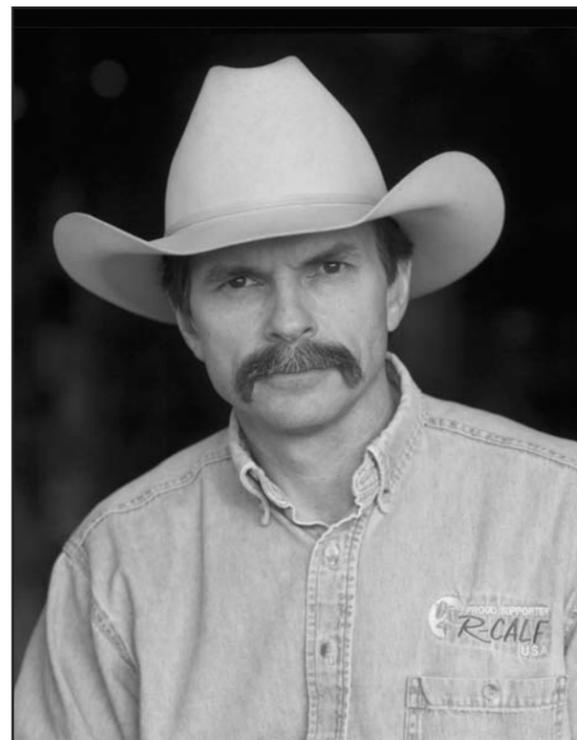
- **Less than a month** after USDA declared South Korea free of FMD, and after USDA concluded the country had everything in place to maintain South Korea as free of FMD, USDA was forced to abandon its effort to lift FMD restrictions for South Korea due to numerous new outbreaks of FMD in South Korea.

- **Nine years after** APHIS declared Japan free of FMD, APHIS was forced to take emergency action to ban beef imports from Japan due to numerous outbreaks of FMD that began in that country in April 2010.

Based on the foregoing examples, the USDA is playing a highly risky game with the health of the U.S. cattle herd and unless the agency's regionalization policy is reversed, that game is likely to result in an inadvertent, though avoidable, introduction of a foreign animal disease.

Question: Is "regionalization" based on sound veterinary science, or something else?

Bullard: Contrary to USDA's claims that regionalization is more science-based than was our nation's previous strategy of avoidance, the fact is that regionalization is simply the means that USDA has chosen to achieve its political goal. The science shows that regionalization is inherently riskier than the previous strategy of basing a country's disease status on whether a particular disease persists within its borders. But, USDA has made the conscious decision that it wants to accept a higher level of risk in return for facilitating more trade. Therefore, USDA has adopted regionalization because it represents the next level of increased risk beyond the level of least risk represented by the strategy of avoidance. So, there isn't any science that supports the notion that risk is not increased when importing from regions within countries where diseases are known to persist. Instead, USDA looked at the continuum between least risk and highest risk and chose to bump the United States down a notch.



Bill Bullard

Question: How, specifically, does USDA propose to ensure that beef from "FMD-free" areas of Brazil is not contaminated by live animals, meat, and other carriers of FMD from surrounding Brazilian states and countries where the virus is endemic?

Bullard: APHIS claims that animal movement controls and border inspections within Brazil are sufficient to prevent the introduction of FMD from neighboring states and countries where FMD remains endemic. APHIS also appears to rely heavily on its expectation that Brazilian officials would immediately identify and report any FMD outbreak or introduction in time to prevent the disease from entering the United States. This latter expectation, however, certainly did not materialize when Brazil first reported in 2012 that it had detected a cow infected with BSE in 2010.

When APHIS regionalized a portion of Namibia, Africa, in 2006, it did so only after a stock-proof fence was constructed to prevent FMD-infected wildlife, particularly Cape Buffalo, from entering the region the Namibian government had designated as free from FMD. However, there is no comparable fence to prevent either wildlife or livestock from passing between either the states in Brazil where FMD remains present or the countries adjacent to Brazil where FMD is known to exist. In 2011 Paraguay had an outbreak of FMD and a Sao Paulo, Brazil, newspaper stated that its reporters saw cattle freely crossing the border along a 254-mile stretch of frontier between Paraguay and Brazil and that the two inspection stations between the two countries did not have any inspection crews during the reporters' 12-hour drive. This Brazilian newspaper report helps explain why the USDA delayed the issuance of this proposed rule to allow fresh beef imports from 14 Brazilian states until late in 2013, even though it had actually submitted the proposed rule to the White House Office of Management and Budget in June 2011.

Question: Given R-CALF's past experience with Mad Cow disease (BSE) and FMD in global trade, what are your views on global standards entities such as the World Organization for Animal Health and the Codex Alimentarius?

Bullard: Unfortunately, the development of global food safety standards has become more of a competition between multinational meat packers and processors, who are willing to forego some safety considerations in order to maximize profits, and the governments that wish to cater to, and are influenced by, those very multinational companies. As a result, international standard-setting bodies typically harmonize standards downward rather than upward in order to facilitate trade even with countries that may lack the will and/or infrastructure to meet the higher standards of developed countries such as the United States.

Question: Some industry critics charge that Brazilian-owned JBS S.A., the world's largest meat-

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packer, and a few other big meatpackers exercise undue influence in the U.S. What is the market share of JBS and other big meatpackers in the U.S.?

Bullard: The USDA Packers and Stockyards Administration states in its 2012 annual report that the four largest U.S. meatpackers, including Brazilian-owned JBS S.A., Tyson, Cargill and National Beef Packing Company, control 84 percent of the U.S. steer and heifer slaughter. We estimate that National Beef Packing Company controls about 12 percent of the market while the other three multinational packers each control approximately one-fourth of the cattle market.

Question: Compared to U.S. livestock producers, consumers, and other interests, how much influence do the big meatpackers have in shaping USDA's policies on disease control, trade, and other issues affecting the livestock industry? How would you describe the big meatpackers' lobbying activities in Washington, DC?

Bullard: The big meatpackers and their trade associations are among the most powerful and most influential lobby groups in Washington, D.C. Because of the revolving door between congressional employees and USDA employees and the meatpackers there is a huge incentive for decision-framers and decision-makers to cater to the meatpackers as a means of ascending their respective career ladders. For example, Cameron Bruett, a staff member for Ranking Member of the Senate agriculture committee Senator Saxby Chambliss (R-GA) during the development of the 2008 Farm Bill, was hired by Brazilian-owned JBS before the ink on the 2008 Farm Bill had even dried. Also, former Deputy Administrator of the USDA's Agricultural Marketing Service, Barry Carpenter, who was in charge of the then-delayed rulemaking process for country of origin labeling, is now CEO for the meatpacker trade association, the North American Meat Association.

Question: What is the relationship between the big meatpackers and the National Cattlemen's Beef Association, the conservative industry group funded in part by the mandatory \$1 per head beef checkoff program? Is there any truth to reports of a "revolving door" between key NCBA lobbyists and top administrative posts at USDA?

Bullard: Upon the 1996 merger of the National Cattlemen's Association (NCA) with the Beef Industry Council of the National Meat Board, the

present day National Cattlemen's Beef Association (NCBA) was formed and from that point forward, the NCBA has had multinational meatpackers seated on its governing board. This explains why the policy positions of the NCBA are indistinguishable from the policy positions of meatpackers Tyson, Cargill and JBS. According to the 2004 report "USDA, Inc.: How Agribusiness has Hijacked Regulatory Policy at the U.S. Department of Agriculture," the revolving door between the USDA and the NCBA swings freely. For example, the report states that former Agriculture Secretary Ann Veneman hired the NCBA's executive director for legislative affairs, Dale Moore, to be her chief of staff, and that Dr. Charles ("Chuck") Lambert, a 15-year NCBA employee, was appointed Deputy Under Secretary for Marketing and Regulatory Programs at USDA.

Question: Do you believe USDA has properly enforced the legal prohibition on the use of beef checkoff funds for political purposes?

Bullard: The USDA has failed miserably to prevent producer checkoff dollars from being used to advance the political goals of the NCBA. In 2010, an independent auditors' report found that the NCBA, which is the largest beef checkoff program contractor, had misappropriated over \$216,000 in producer contributions. The report found that the NCBA used thousands of checkoff dollars to: 1) pay legal fees to maintain the NCBA organization; 2) pay NCBA's credit card fees; 3) pay employee's time for non-checkoff activities; 4) pay for employees to participate in NCBA's charity golf tournament; 5) pay for spouses' travel; 6) pay for meetings, travel, and speaker costs for non-checkoff activities; and, 7) pay for expenses incurred by NCBA's policy division. It was also found that the NCBA was making a 50/50 travel expense allocation between the NCBA and the beef checkoff program for the travel expenses incurred by NCBA officers.

In 2013 the USDA Office of Inspector General (OIG) issued an audit report stating that all beef checkoff funds had been properly spent and that the checkoff program was in compliance with the law. However, after we filed a formal complaint alleging that the OIG was involved in the cover-up of unlawful checkoff expenditures, the OIG withdrew its original report and

issued a new one. The OIG's new report issued in January 2014 now states that it is not known if beef checkoff funds have been properly expended and it states that USDA officials have a "reduced assurance" that checkoff funds are being properly expended.

Question: Congress passed the "Country of Origin Labeling" (COOL) meat labeling law in 2002 with strong support from R-CALF and other grassroots producer groups and U.S. consumers. More than a decade later, COOL has not yet been fully implemented as intended by Congress. Why have NCBA, the big meatpackers, and supermarket chains fought so hard to block implementation of COOL?

Bullard: The reason the NCBA and the big meatpackers and supermarket chains fought so long and so hard against COOL is that COOL transfers market power from the hands of the supermarkets and meatpackers and places it into the hands of consumers, which is where it belongs. So long as consumers were kept in the dark regarding where the cattle originated that produced the meat products they purchased at the grocery store, then the meatpackers and supermarkets could unilaterally decide where to source their cattle and beef to satisfy consumer demand. Thus, without COOL the meatpackers and supermarkets could source their cattle and beef from lower-cost countries and sell the resulting meat to unsuspecting consumers as if it was a domestic product. This inaccuracy was further reinforced by the fact that meat from imported cattle was labeled with a USDA grade stamp and all imported meat was labeled with a U.S. inspection sticker. With COOL, consumers can now decide from which country they would prefer the cattle from which their meat is derived was born, raised and slaughtered. When consumers make their choice known through their buying habits, then the meatpackers and supermarkets will have to begin sourcing their cattle and beef from the country or countries that are demanded most by consumers, as indicated by their buying preferences. The meatpackers and supermarkets know that when this market power is properly transferred out of their hands and into the hands of consumers, then the market power they have enjoyed and the windfall profits they have made by sourcing cheaper inputs from foreign countries will disappear.

January 2014 Milk Production

STATE	MILK COWS ^{1/}		MILK PER COW ^{2/}		MILK PRODUCTION ^{2/}		
	2013	2014	2013	2014	2013	2014	% CHANGE FROM 2013
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	190	192	2,075	2,070	394	397	0.8
CA	1,780	1,781	1,945	2,035	3,462	3,624	4.7
CO	135	140	2,040	2,080	275	291	5.8
FL	122	123	1,730	1,725	211	212	0.5
ID	579	565	1,910	1,965	1,106	1,110	0.4
IL	97	96	1,730	1,670	168	160	-4.8
IN	175	178	1,850	1,850	324	329	1.5
IA	206	205	1,940	1,905	400	391	-2.3
KS	132	137	1,855	1,880	245	258	5.3
MI	378	381	2,060	2,070	779	789	1.3
MN	465	460	1,715	1,695	797	780	-2.1
MO	93	90	1,220	1,200	113	108	-4.4
NM	320	323	2,150	2,110	688	682	-0.9
NY	610	615	1,855	1,845	1,132	1,135	0.3
OH	271	267	1,725	1,725	467	461	-1.3
OR	123	124	1,675	1,735	206	215	4.4
PA	535	531	1,690	1,710	904	908	0.4
TX	435	440	1,880	1,920	818	845	3.3
UT	90	95	1,865	1,820	168	173	3.0
VT	134	132	1,650	1,690	221	223	0.9
VA	94	93	1,600	1,650	150	153	2.0
WA	264	267	1,985	1,995	524	533	1.7
WI	1,270	1,270	1,870	1,815	2,375	2,305	-2.9
23 STATE TOTAL	8,498	8,505	1,874	1,891	15,927	16,082	1.0

^{1/} Includes dry cows. Excludes heifers not yet fresh.

^{2/} Excludes milk sucked by calves.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production*, February 2014.

TX Dairyman Billy Miller Gives Vilsack Earful on FMD

Santa Fe, New Mexico – March 10: Billy Miller, a dairy producer from McGregor, Texas, gave USDA Secretary Tom Vilsack a dose of reality following Vilsack's formal speech at the National Farmers Union convention here.

Miller is a NFU delegate. He approached Vilsack as the nation's farm program chief mingled with delegates after his speech. Miller let Vilsack know of Billy's opinions about the dangers of "regionalizing" Brazil's states for imports of beef to the U.S. Miller is worried about the potential for bringing in Foot-and-Mouth Disease (FMD) as well as knocking down U.S. beef producers' profits.

Vilsack countered that USDA experts had been all over the "FMD-free" states of Brazil, conducting tests and finding no presence of that disease.

Further, Vilsack noted that if the U.S. wants to export goods, this nation must buy what other nations produce.

When Miller would not back down, Vilsack's last line of defense was to ask the dairyman: "Don't you trust your government?" Guess what Billy thinks?

Miller informs *The Milkweed* of his concerns that U.S. cattle slaughter prices will tumble seriously if USDA opens up beef exports from Brazil.