

# 2010 Pork Management Conference



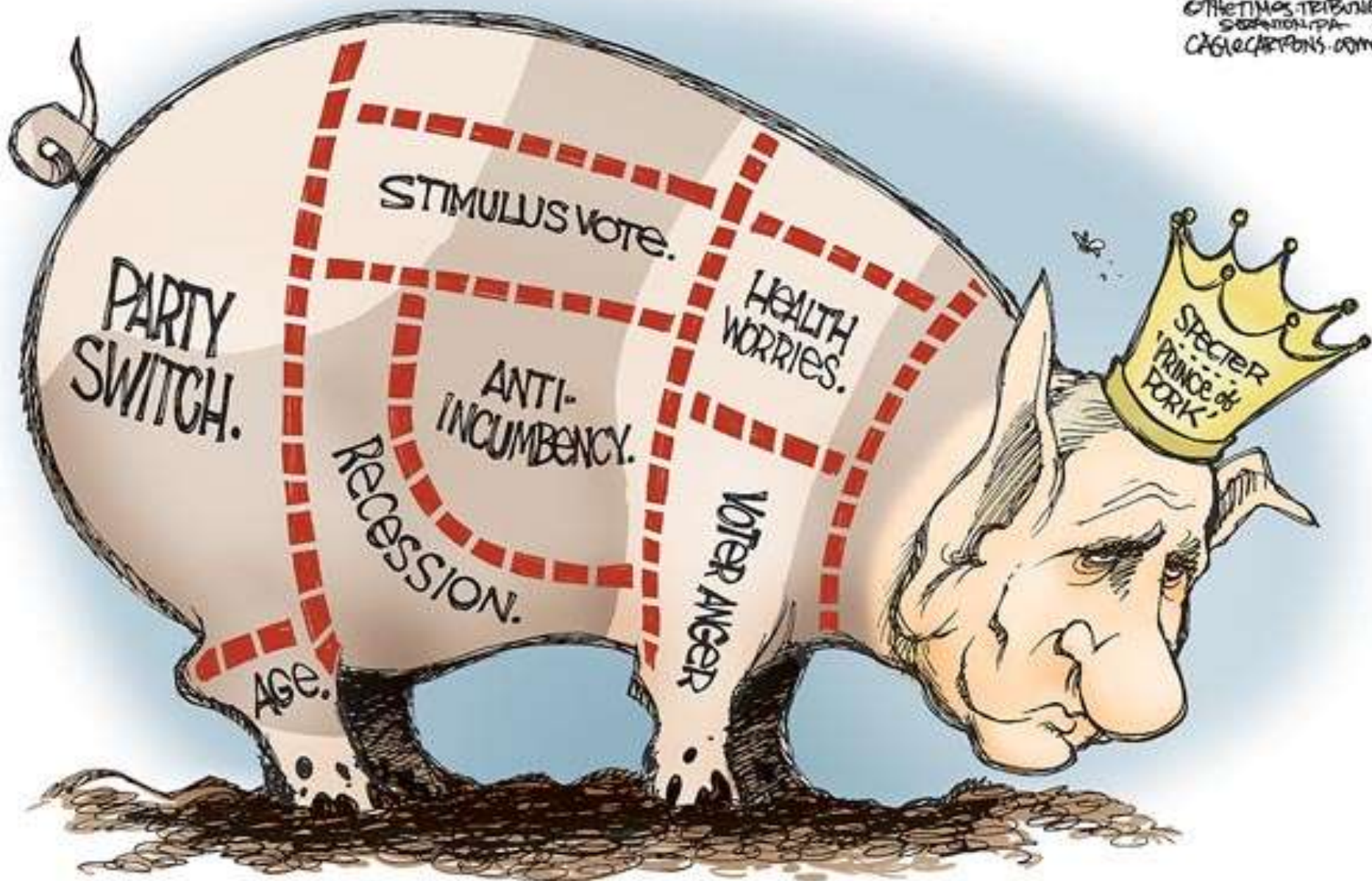
## *A View from Inside the Beltway: Legislative & Regulatory Issues Overview*

June 17, 2010

Audrey J. Adamson  
Vice President, Public Policy

# Presentation Summary

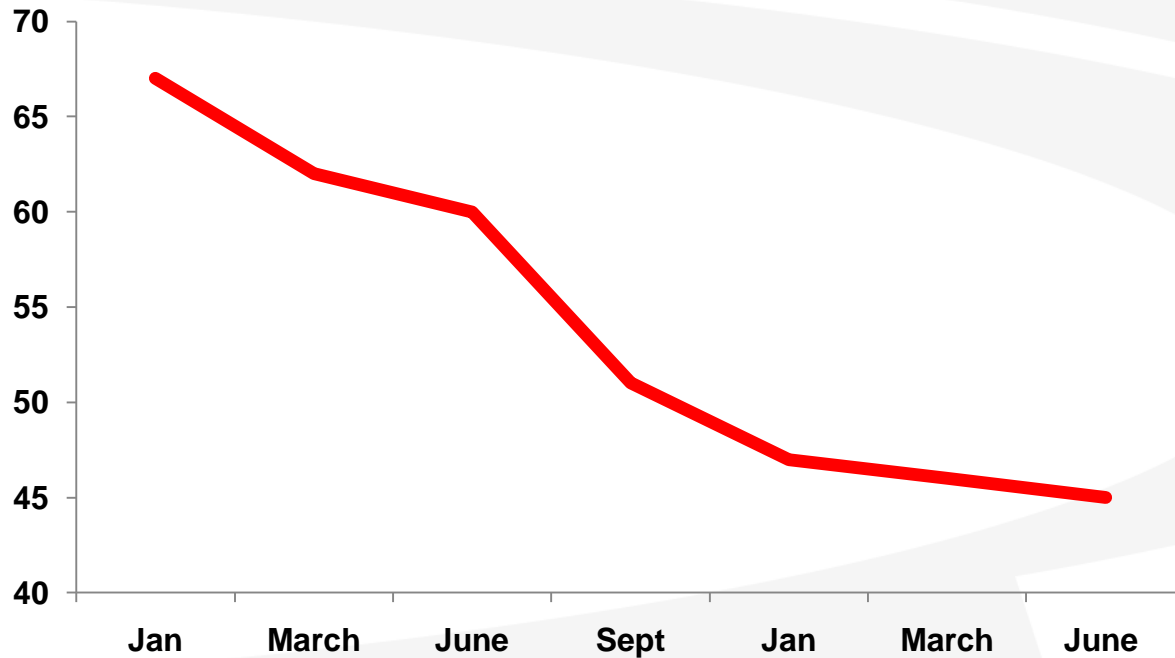
- ❖ The Political Outlook
- ❖ Trade Issues
- ❖ Science & Technology Issues
- ❖ Energy & Environment Issues
- ❖ Competition Issues
- ❖ 2012 Farm Bill
- ❖ Questions?



*The CHOICE CUTS.*

# What a Difference a Year Makes

## President Obama Job Approval



**45% Approve**  
(Gallup)

# Why?

- **Faltering Economy**

Unemployment - 9.7%

- **Government Overreach**

1. Health Care
2. Stimulus
3. Bailouts, “Regulatory Reform”
4. Climate Change/BP Spill????

- **Unpopular Wars**

- **Fear of Terrorism: Detroit, Times Sq**

## Key Point:

41% of Independent’s approve (↓ from 62% Jan 2009 - PEW)

DISPERSANT

VOTERS

AAAUUUGH!!!

IT'S TOXIC!!

RUN FOR  
YOUR  
LIVES!



# Political Outlook

- House → 255 D's vs. 177 R's  
→ 3 vacant
- R's need 41 seats to regain House
- Senate → 57 D's vs. 41 R's v. 2 I's
- 36 seats contested: 18 D v. 18 R
- 13 OPEN seats:
  - 7 R's - NH, KY, MO, OH, KS, FL, UT
  - 6 D's - IL, DE, CT, ND, IN, PA
- R's need 10 seats to regain Senate

WILLIAM WARTON FOR AMERICAN FREE UNITED GOVERNMENT

PACIFIC OCEAN

MEXICO

ANGRY MOBS



UNINFORMED MASSES

UN-AMERICAN MALCONTENTS



NORTHERN VIRGINIA

POTOMAC RIVER



HOW WASHINGTON POLITICIANS SEE THE WORLD

# Throw the Bums Out !!!

## Bad Year for Incumbents

- Rep. Mollohan, 14-Term WV Democrat, Ousted In Primary
- Sen. Bennett, 4-Term UT Republican, Ousted in Rep. Convention
- Sen. Specter, 5-Term PA Democrat, Ousted in Primary

Sen. Lincoln, 2-Term AR Dem and Chairman of the Ag Committee, Wins Close Primary Runoff (52%-48%)



GET A **REAL** JOB,  
YA FREELOADER!!!



# Key Policy Drivers: Deficit & Debt

- **GDP**

- 2009 → -2.4%
- 2010 → +3.1%
- 2010 → \$14.6 trillion

- **Deficit**

- 2009 → \$1.4 trillion
- 2010 → \$1.3 trillion
- 2011 → \$1.5 trillion

- **Total Federal Debt**

- \$13 trillion
  - \$8.5 trillion public
  - \$4.5 trillion foreign
    - China - \$895 billion
    - Japan - \$785 billion

- **Debt as % GDP**

- 89%

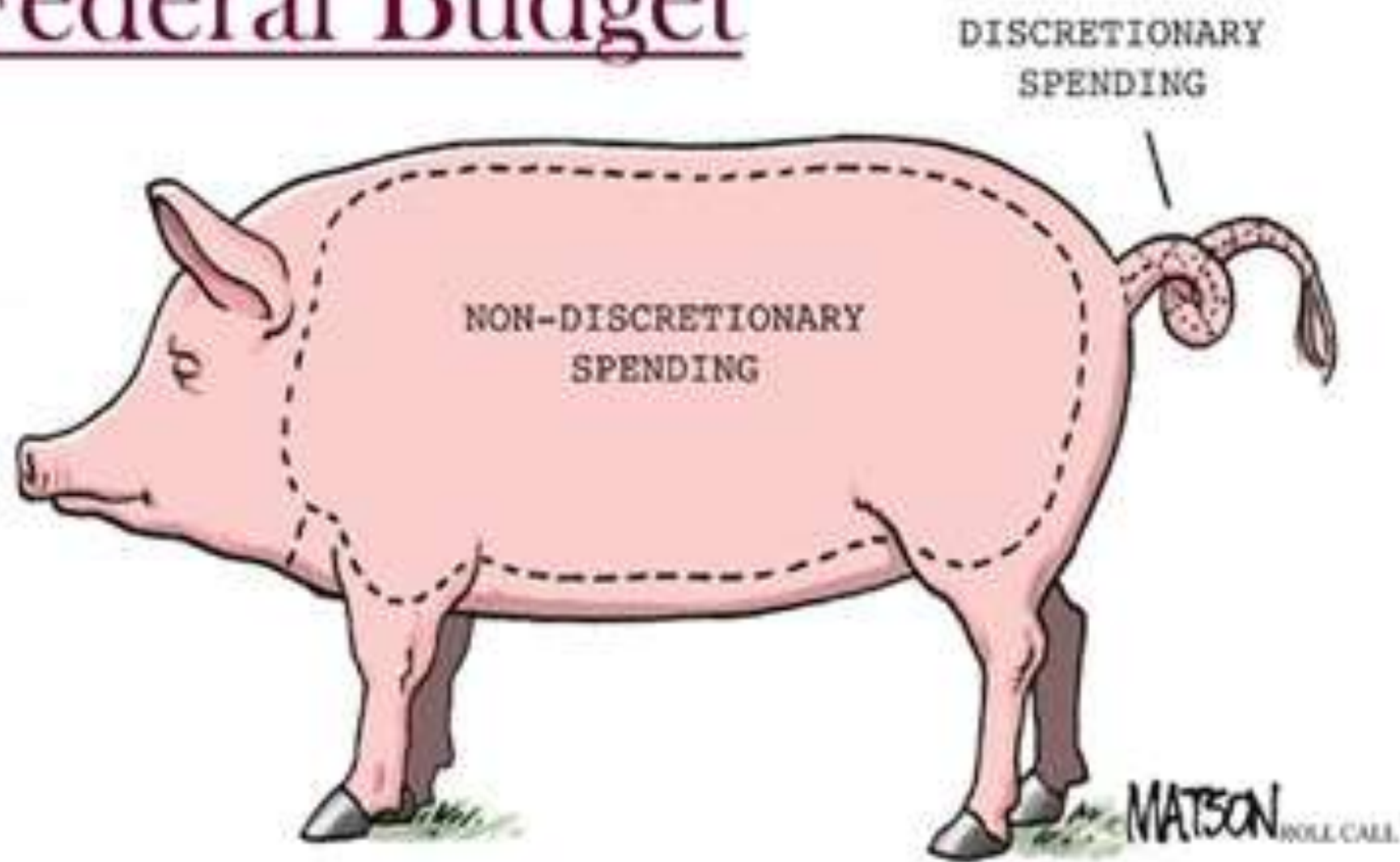
***U.S. is broke!***

# 2011 Budget Reduction Package?

## Virtually all programs and revenues on the table

- Social Security \$730 billion
- Defense \$730 billion
- Medicare \$570 billion
- Medicaid \$270 billion
- Interest on the Debt \$380 billion
  
- ❖ Total \$2.7 trillion
- Commodity Programs \$11 billion?????

# Federal Budget



CHOICE CUTS

MATSON ROLL CALL

# NPPC Public Policy Challenges

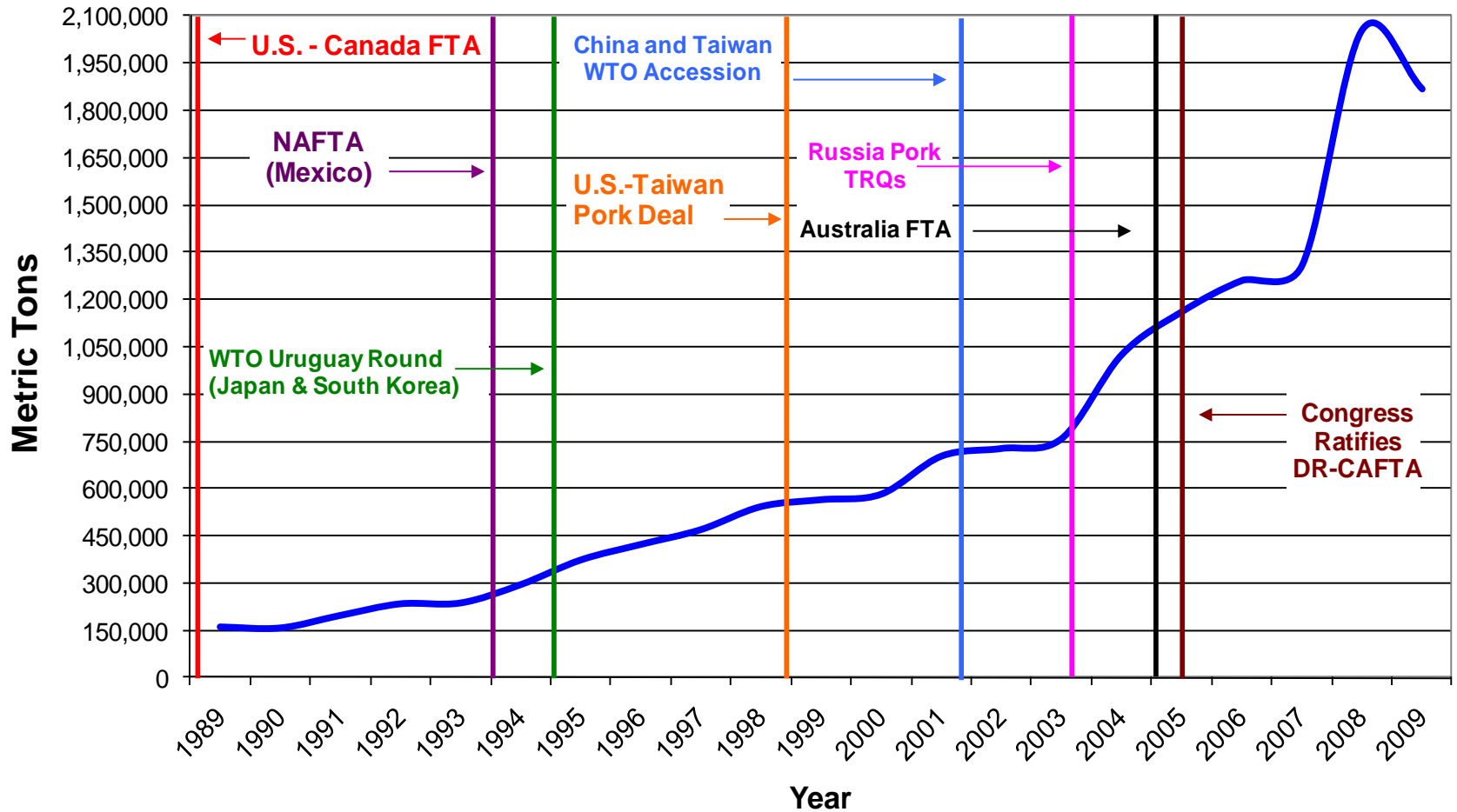
- Media: “Creates Controversy--It sells.”
  - See “Hogs on the Hill” NPPC Blog; Facebook, Twitter
- “Social Movements”: Meat-Free Mondays, Locovore, Omnivore, Animal Rights, etc.,
- Well-funded HSUS, PETA, UCS, PEW, etc. taking aim at Modern Pork Production—
  - Proving & Improving on the Environmental “Play Book”
- Pork Exports: Its about the non-tariff barriers!!!
- Science &Tech Issues Abound
- Ditto Energy & Environment Issues
- Competition in Agriculture: BIG is BAD!!



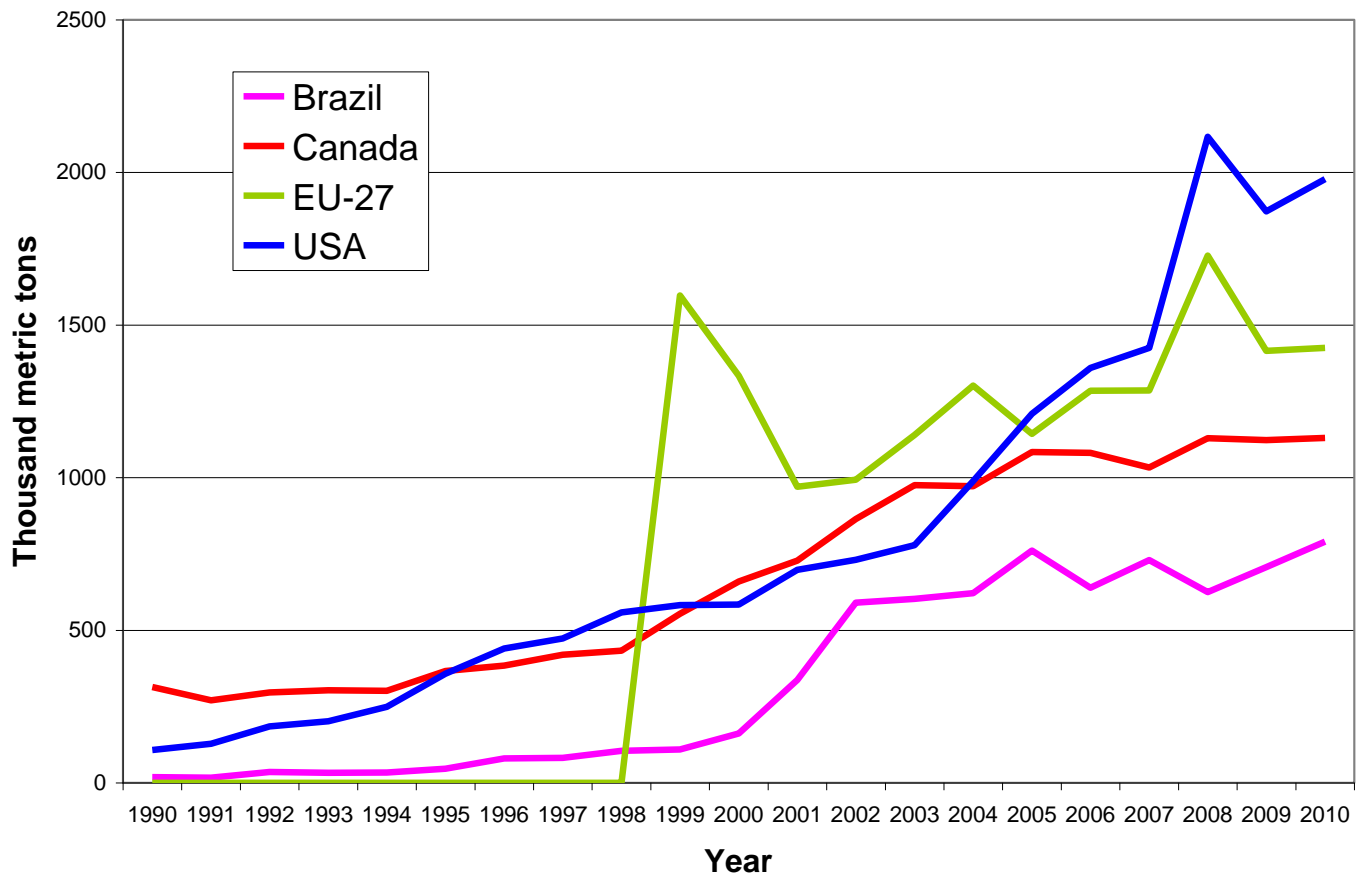
# ❖ Trade Issues



# U.S. Pork Exports



# Total Pork Exports



# 2009 Top U.S. Pork Export Markets

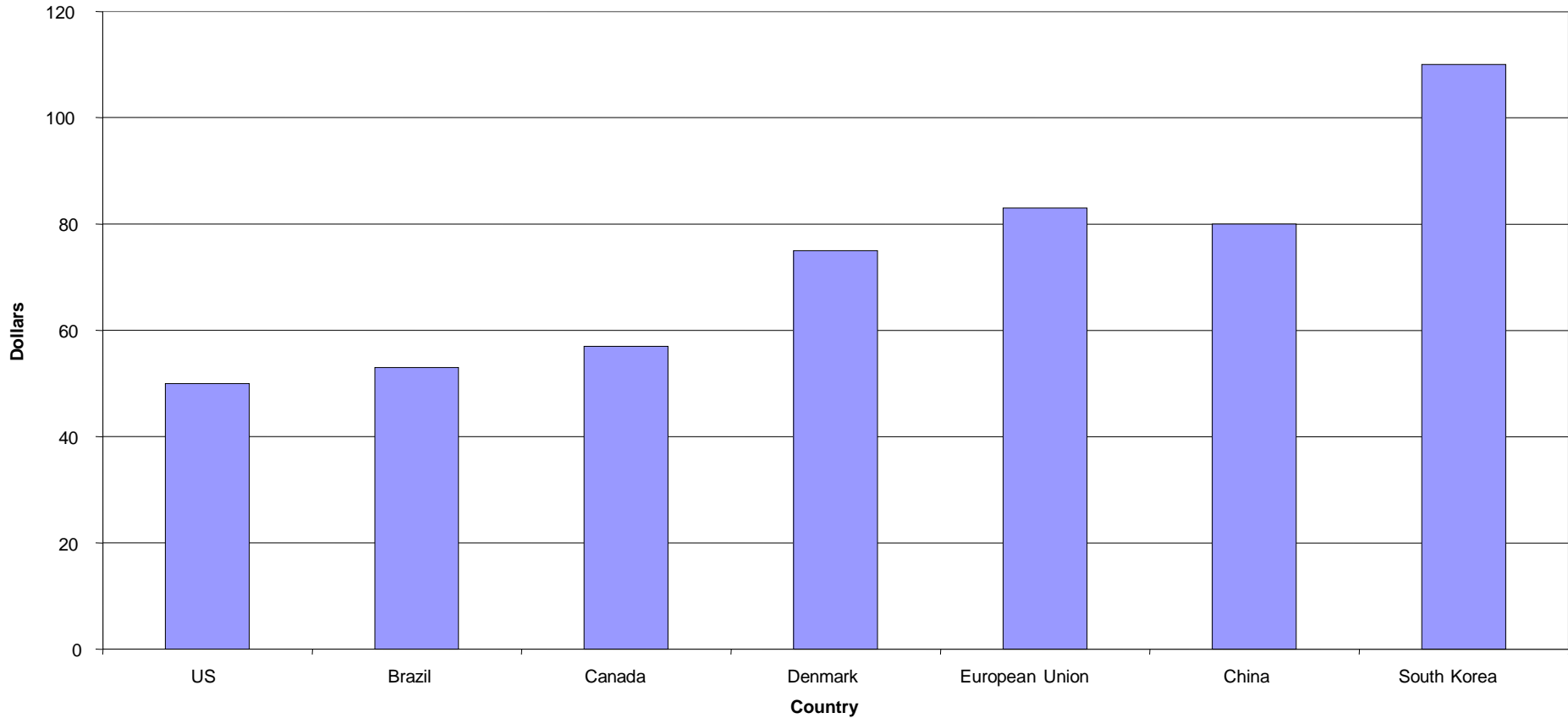
## Volume Basis

1. Mexico
2. Japan
3. China/HK
4. Canada
5. Russia
6. South Korea

## Value Basis

1. Japan
2. Mexico
3. Canada
4. China/HK
5. Russia
6. South Korea

# Production Costs per Hundred Pounds of Liveweight April 4th, 2010



# 2010 Trade Policy Issues

- **Trans Pacific Partnership**

- In late 2009, the Obama Administration announced it will move forward with the negotiation of a regional FTA with Australia, Brunei, Chile, New Zealand, Peru, Singapore, and Vietnam

- **Pending U.S. Free Trade Agreements**

- South Korea: Cause live U.S. hog prices to be **\$10.00** higher (even with EU & Canada)
- Colombia: Cause live U.S. hog prices to be **\$1.63** higher (\$1.15 w/Canada)
- Panama : Cause live U.S. hog prices to be **\$0.20** higher

- **Doha**

- A successful WTO Doha Round, with significant gains made on market access in the EU and Japan, will add significant value to the U.S. pork industry.

- **Brazil**

- Trichinosis import restriction
- Required plant-by-plant inspection

# 2010 Trade Policy Issues

- **China**

- With domestic pork consumption of just under 50 million metric tons (MT), Iowa State estimates that the market for U.S. pork in China could be well over a million MT
- However, U.S. pork imports are constrained by:
  - 1) China's ban on ractopamine
  - 2) Discriminatory VAT
  - 3) Large subsidies

- **Russia**

- Doubled size of quota for 2009. However, quota now reduced for 2010-2012
- New EV Program

- **Mexico**

- Due to the United States' failure to fully implement its NAFTA obligations on international truck delivery, on March 19, the government of Mexico took action to retaliate on a broad range of U.S. agricultural and manufacturing products.

- **Cuba**

- Legislation pending in Congress to remove travel and finance restrictions. U.S. is the largest pork supplier to Cuba



❖ Science &  
Technology  
Issues

# Science & Technology

## ❖ Antibiotics: Regulatory

— The Players: Mainly FDA

— FDA Approach:

- ANPRM on Veterinary Feed Directive (VFD)  
Modernization Comments Due: late June 2010
- FDA & AHI Ongoing Meetings
  - There is therapeutic value to using an AGP
  - How to make that claim with today's technology?

# Science & Technology

## ❖ Antibiotics: Congress

- The Players: AMA, AAP, IDSA, PEW, UCS, HSUS, etc.  
The Legislation: PAMTA & STAAR (H.R. 1549 & S.619)
- The Politics: Mainly House
  - ✓ Energy & Commerce Committee: 3 Hearings
    - #1: Human Health: NIH and CDC “no science” to link feed antibiotics to human resistance
    - #2 Human Health: June 9 – Above Groups Witnesses
    - #3 Animals & Human Health end of July
  - ✓ Rules Committee: **Still A BIG DANGER!!!!**
  - ✓ Ag Committee: Last hearing in September 2008 and no jurisdiction on PAMTA
- Coalition & Barnyard Activities: Hearings, Briefings, Energy & Commerce Targets

# Science & Technology

## ❖ Animal Identification

- State-based system
- Getting the state veterinarians to buy into the swine industry ID standards

## ❖ Child Nutrition Reauthorization

- House: Hearings - Discussion
- Senate - Ready for Floor Action
- Key Points:
  - It's a Funding Issue - Senate gave 50% of what Admin ask
  - No “mischief” on production practices, antibiotics, purchasing requirements



"THERE'S NOTHING TO EAT!"

# Science & Technology

## ❖ Food Safety Reform (FDA)

Meat & Poultry “carved” out of House Bill  
Senate: Ready for Floor Action – Timing an issue

### Key Points:

- Traceability Amendment (Brown)
- No small farms exemption (Tester) YET ...
- No BPA amendment (Feinstein)
- No MCOOL on processed products (Brown)
- No PAMTA (Reed, Feinstein, et. al)



❖ Energy &  
Environment  
Issues

# Energy & Environment

## ❖ Climate Change

- Waxman-Markey House Bill DEAD!!!!
- Kerry/Lieberman Bill on life support... But... **BP Oil Spill**
  - Focus power plants and refineries
  - Reduction in Utility Emissions & Significant Gasoline Tax
  - Offset market for Ag
  - Recognizes risks of significant feed price spikes: Needs Work!!

## ❖ Ethanol: Jobs v. Jobs

- 37 M bu/Corn + 100 M gallon plant = 80 direct Jobs

VS.

Farrow-finish	800 Jobs
Or Wean-finish	242 Jobs
Or Beef feedlot	278 Jobs

30 + Additional jobs in pork processing



THE TASER

# Energy & Environment

## ❖ E10 → E12 → E15??????

- December 2009: EPA Delayed Decisions until Summer 2010?

### Challenges

- Auto Emission Standards
  - March 2010: E15 Labeling Rule (for gas pumps)
  - SERIOUS LABELING & LIABILITY ISSUES

## ❖ Ethanol Tax Credit & Import Tariff

- Expires December 31, 2010
  - 45¢ Volumetric Ethanol Excise Tax Credit (Blenders Credit)
  - 54 ¢ Import Tariff
- Political Struggle
  - Urban and Coastal lawmakers despise
  - Midwestern (Corn States) overwhelming support
  - It's a \$6 Billion "PAY-GO" Problem!



# Competition Issues

# Competition: MPR

- ❖ **Mandatory Livestock Price Reporting Expires September 30, 2010 (Live Hogs)**
- **2010 NPPC Policy:**
  - ✓ Support 5-year reauthorization
  - ✓ Support Weekly Pork Export Reporting
  - ✓ Support Wholesale Pork Reporting through Negotiated Rulemaking

# Competition: USDA/USDOJ

- Workshops to Examine Competition Issues in Agriculture
- Targets: Dairy, Livestock, Poultry, Grains
- IA, AL, WI, CO, DC
  - June 25<sup>th</sup> - Madison, WI
  - August 27<sup>th</sup> - Ft. Collins, CO
- Politicians, 2 Cabinet Sec., State AGs, Ag Comm.
- ✓ Watch for “Fix” Proposals in 2012 Farm Bill

# Competition: Regulatory

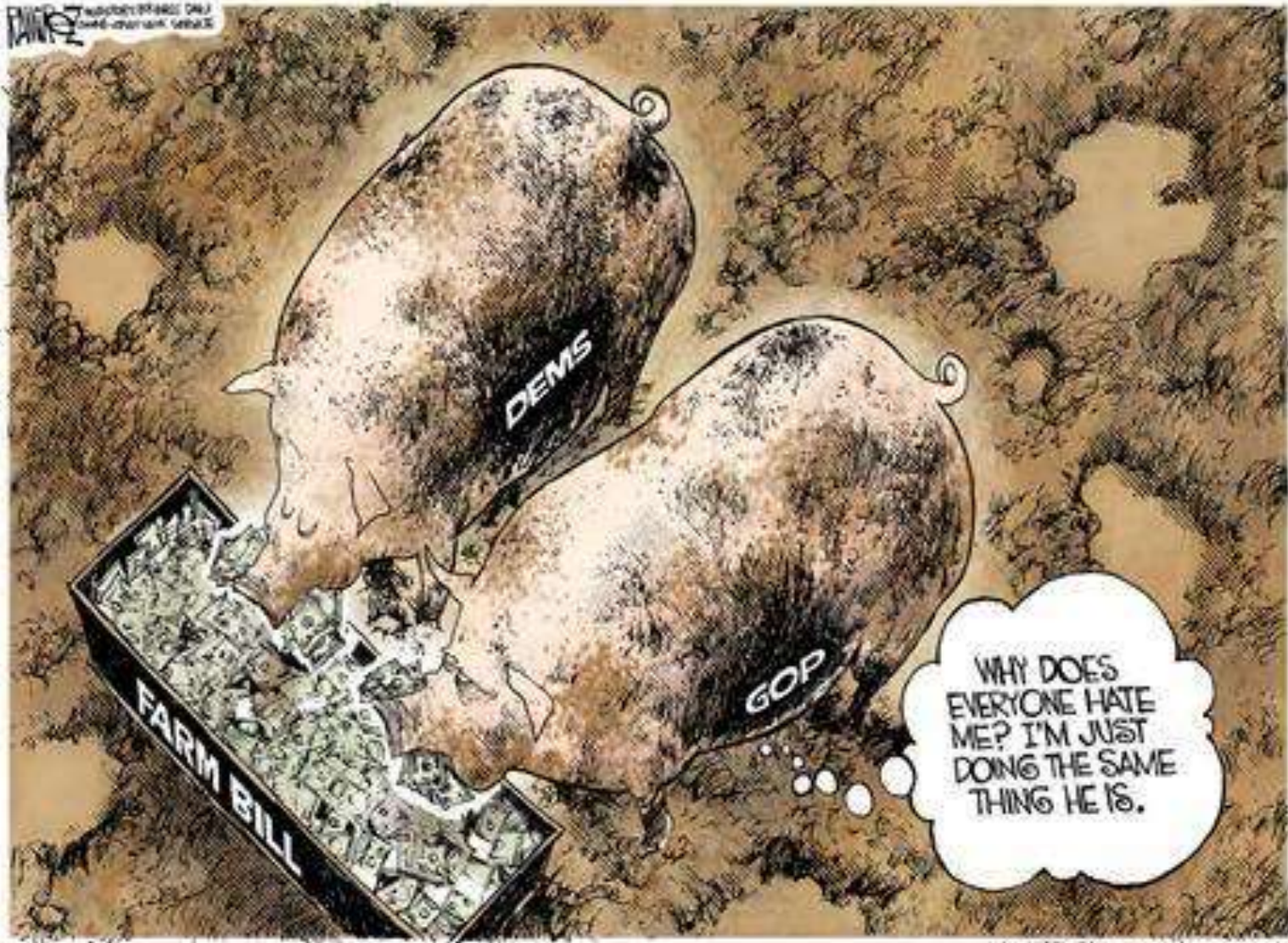
- ❖ **USDA Rules & Guidance:**
  - 2008 Farm Bill: GIPSA to define “Undue/Unfair Preference, etc., expanded website-real time information
    - ✓ Proposed rule – **June 17?**
  - FSA/GIPSA Proposal to Expand Loan Guidance-March 11
  - ✓ **USDA/GIPSA Expected to Regulate after several Federal Circuit Decisions Say No!**



# 2012 Farm Bill

- House Ag Field Hearings late April-August
- DC-based Hearings:
  - General: June-July 2010
  - Policy Proposals: Fall 2010
- Budget Reconciliation process: Spring 2011
  - Simultaneous House Ag markup of Bill: Spring 2011
- House Floor Passage: Fall/Winter 2011
- Senate begins hearings June 30<sup>th</sup>

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MAGAZINE  
MAY 1997  
MAGAZINE



WWW.REUTERS.COM/STYLIZED/STYLIZED/STYLIZED



# 2012 Farm Bill

- NPPC 2012 Farm Bill Task Force
  - Policy Recommendations
  - Working Groups on Specific Issues
- Participate in Field Hearings & WDC Hearings
  - Key Pork Issue Areas:
    - Energy Title
    - Environment Title
    - Research Title
    - Livestock Title
    - Nutrition Title



❖ Public Policy  
& YOU

# What Else can I DO:

- ✓ Follow NPPC on Twitter, Hogs on the Hill Blog & Website
- ✓ Send a letter from NPPC Call to Action Web page
- ✓ Make a phone call to Capitol Hill (202) 224-3121
- ✓ Visit a Legislator: Attend a “Town Hall” meeting
- ✓ Attend or send comments to USDA/USDOJ on the ongoing Workshops on Competition
- ✓ Come to D.C. & Educate!!!



That's you!

Lists

### Cost of Raising Hogs Keeping Expansion In Check <http://is.gd/cBh2n> #ag #cme #oink

about 1 hour ago via web

Green Ways Of 'Eco-Consumers' Damaging Our Environment  
[bit.ly/aMpUkC](http://bit.ly/aMpUkC) #ag

about 2 hours ago via web

45% of the fat in bacon is monounsaturated, the good-for-you fat that can help lower bad cholesterol levels  
<http://bit.ly/cj91uN> #pork #oink

about 4 hours ago via web

**PorkMag** For the vast majority of livestock producers, animal welfare is a top-of-mind priority every hour of every day.  
<http://bit.ly/9HR5wL>

about 23 hours ago via TweetDeck  
Retweeted by you

Immigration reform affects everyone  
<http://bit.ly/9XvVyA> #ag #pork

11:26 AM Jun 2nd via web

**TheMaschhoffs** Check out these amazing pork recipes!  
<http://tinyurl.com/24q2p7m> #yum #pork #recipes

11:50 AM Jun 1st via web  
Retweeted by you

A 3-ounce serving of pork offers 8% of the daily value of vitamin B-12, a micronutrient not found in plant-based foods #pork #ag #food

1:39 PM Jun 1st via web

Name NPPC

Location Des Moines, IA and Washington,

Web <http://www.nppc.org/>

Bio The National Pork Producers Council conducts public-policy outreach on behalf of its 43 affiliated state associations.

296 following 785 followers 37 listed

Tweets 447

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RSS feed of NPPC's tweets





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WEDNESDAY, JUNE 2, 2010

### Green Ways Of 'Eco-Consumers' Damaging Our Environment

The Green Lantern, a weekly environmental column of the online publication *Slate*, grudgingly reported yesterday that conventionally raised laying hens produce eggs more efficiently -- and, therefore, environmentally friendlier -- than cage-free or "organic" chickens.

(HOTH supposes this means all those who steadfastly profess to be at the forefront of the "eco-consumer" movement -- locavores driving their electric cars to the local farmer's market to purchase "green" eggs -- actually are harming our environment.)

#### ABOUT ME



HOGS ON THE HILL  
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The NPPC conducts public-policy outreach on behalf of its 43 affiliated state associations, enhancing opportunities for the success of U.S. pork producers and other industry stakeholders by establishing the U.S. pork industry.

Information

Location:  
122 C Street N.W., Suite 875  
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Insights

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National Pork Producers Council

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Attach: Everyone Share

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National Pork Producers Council EPA Deal With Environmentalists Will Hurt Farmers

<http://www.nppc.org/News/DocumentSingle.aspx?DocumentID=25819>

NPPC :: Home

[www.nppc.org](http://www.nppc.org)  
The National Pork Producers Council today expressed deep frustration and anger over the U.S. Environmental Protection Agency's continuing efforts to develop costly agricultural regulations that provide few if any additional environmental benefits.

May 27 at 4:23pm · Comment · Like · Share · Promote



National Pork Producers Council China Begins Accepting U.S. Pork Shipments

<http://nppc.org/News/PressRelease.aspx?DocumentID=25801>

NPPC :: Home

[nppc.org](http://nppc.org)  
China today gave official notice that it is accepting shipments of U.S. pork, a move hailed by the National Pork Producers Council. Pork produced on or after May 1 now can be exported to China.

May 14 at 2:46pm · Comment · Like · Share · Promote

2 people like this.



**Kirk Ferrell** Congrats to NPPC team for huge effort to get China market opened up! Should contribute to even higher hog prices.  
May 15 at 10:33am · Delete · Flag



**Thomas Okojie** Kirk What do you think will be the benefit of producers in other countries?  
May 30 at 6:28pm · Delete · Flag

Write a comment...

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National Pork Producers Council



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Rob Cogan likes this.  
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June 03, 2010



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## EPA Deal With Environmentalists Will Hurt Farmers

The National Pork Producers Council today expressed deep frustration and anger over the U.S. Environmental Protection Agency's continuing efforts to develop costly agricultural regulations that provide few if any additional environmental benefits.

[Read More Of Story](#)



*Fights for reasonable*

**PORK DAILY NEWS**  
Obama Says He'll Push for Clean Energy Bill

EPA releases draft pesticide rule

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### ISSUE SPOTLIGHT

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### PORK EXPORTS CREATE U.S. JOBS

U.S. pork producers have long recognized that opportunities for growth in the industry lie abroad, and as a result, they have been among the strongest supporters of trade efforts in Washington. [Click here for more information.](#)

### TRUTH ABOUT ANTIBIOTICS AND PORK



[Click here for more information on antibiotics](#) or [click here for facts about antibiotic use.](#)



### ANTIBIOTICS

Current and future availability of safe and effective animal health products are important to pork producers, who depend on these products to maintain healthy and productive animals and to help producers protect public health and animal well-being. [Click here for more information on antibiotics](#) or [click here for facts about antibiotic use.](#)



### WE CARE

NPPC and the National Pork Board have launched a program, We Care, to promote pork producers' long-standing commitment to responsible pork production. [Click here to learn more about We Care.](#)

JOIN NOW

TAKE ACTION

LEARN ABOUT THE ISSUES

HEAR WHAT WE'RE SAYING

# Questions? Comments?

*Thank you for your continued support.*

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