Testimony of

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On behalf of the

National Cattlemen's Beef Association

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INTRODUCTION

Chairman Mann, Ranking Member Costa, and Members of the Subcommittee. On behalf of America's cattle producers, thank you for inviting me to provide an update on the state of the U.S. cattle industry.

My name is Todd Wilkinson, and I currently serve as President of the National Cattlemen's Beef Association. I am a second-generation rancher and live in De Smet, SD. I own and operate a cow-calf and cattle backgrounding operation with my son, who is the third generation of our family to work the ranch. Additionally, I run a small cattle feeding facility and maintain a law practice, where I assist other farmers and ranchers with estate planning and other agricultural law issues.

I am testifying today on behalf of the National Cattlemen's Beef Association (NCBA), the trusted leader and definitive voice of the U.S. cattle and beef industry. Initiated in 1898, NCBA is the American cattle and beef industry's oldest and largest national trade association. In addition to our nearly 26,000 direct members, NCBA represents forty-four state cattlemen's associations with collective memberships numbering some 178,000 cattle producers. It is important to note that well over 90% of those members are, like myself, family-owned business entities involved in the cow-calf, stocker/backgrounder, and feeding sectors of the supply chain. Each of those members has a voice in our organization's century-old policymaking process, and it is from the resolutions and directives resulting from this process that NCBA takes positions on legislation and proposed regulations.

THE STATE OF THE CATTLE INDUSTRY

When last I appeared before this Committee in October 2021, my report to Congress was bleak. Market-ready cattle were oversupplied and beef packing capacity—despite operating at or near maximum throughput—was insufficient to meet the immense processing demand. As a result, prices were low and cattle were substantially backlogged across the supply chain. While that underlying supply-demand dynamic was cyclically appropriate, and mostly anticipated, the unprecedented market shocks brought on by the COVID-19 pandemic drastically exacerbated the adverse effects of that phase of the long-term cattle cycle. Countless family farmers and ranchers struggled to remain profitable as cattle prices slogged.

I. Current Cattle Market Conditions

Today, I am pleased to report that the state of the cattle industry has greatly improved. As we have further transitioned into a new phase of the cattle cycle, prices have significantly increased—and done so in a relatively short amount of time. Just last month, we set a record high spot futures price for Live Cattle, with the April 2023 contract hitting $175.50/cwt. For context, when I last testified on October 7, 2021, spot Live Cattle closed the day at $125.27. This upward pricing trend has been true across marketing methods (i.e., negotiated cash, formula, etc.) and classes of cattle (i.e., calves, feeders, finished steers and heifers, etc.). So far this month, USDA's Livestock Mandatory Reporting (LMR) program showed a weighted average fed cattle cash price of $173.93/cwt. Again, in October 2021, that figure was closer to $122.55/cwt.

While the price environment for cattle has drastically improved over the past two years, the recovery has been bittersweet. The naturally occurring contraction phase of the cattle cycle, which we are currently experiencing, has been accelerated by severe drought experienced across the country. In fact, herd contraction has resulted in a year-over-year beef cattle inventory reduction of nearly 4% as of January 2023.[1] There are currently about 89.27 million head of cattle in the U.S.—the lowest inventory in 61 years.[2] Make no mistake: even amid a recovering market, cattle producers still face a myriad of challenges.

[1] *Cattle Report*. USDA-NASS: 2023
[2] *Beef Cow Numbers Decline*. American Society of Animal Science: 2023.

I would be remiss if I did not underscore that the entirety of the price improvement we are currently seeing has occurred without the enactment of market-altering legislation. Claims suggesting cattle market conditions would never again favor producers unless Congress intervened with massive government programs have been undeniably proven false. The market has unequivocally demonstrated it functions best when free from interference by federal planners—when cattle producers are at liberty to make economic decisions in the best interests of their unique businesses. To that end, NCBA has been clearly directed by its membership to maintain opposition to any bills which would limit their ability to market cattle in the way they see fit, and we call upon Congress to continue respecting their wishes.

II. Insufficient Forage Availability

Cattle producers are also experiencing substantially reduced access to forage. From persistent drought in the Midwest to record spring precipitation in parts of the Great Basin, grazing land is either mud or dust, and feed is more difficult to come by across most of cattle country. Tight land and hay supplies even further exacerbate forage costs and lease rates. While weather events cannot be controlled, the tools which producers utilize to respond to its effects can be. As I will explain later in my testimony, access to risk management tools and disaster indemnity programs is crucial to ensuring the strength of the livestock sector.

III. Rising Interest Rates

Economic headwinds, such as higher interest rates, continue to undermine producer profitability and the economic sustainability of rural America. Cattle producers rely on consistent, dependable access to credit to cover many different needs, from budgeted operating costs to unexpected events like emergency veterinary costs or rebuilding fence after a disaster. To cover these costs, many producers take out loans that are repaid after their cattle are sold. Unfortunately, for most of the year cattle operations define cash flow as money leaving the business instead of coming into the business. Access to credit allows cattle producers to purchase goods and services in their local market and support local businesses. While news of higher cattle prices is welcome, we are also the recipients of higher interest rates that result in larger loan payments, smaller profit margins for producers and less business activity for local economies. This is a situation that most producers know all too well.

IV. Surging Input Costs

The meteoric rise in input costs—despite strong and strengthening cattle prices—remains an immense barrier to producer profitability. Inflationary pressures continue to erode bottom lines on family farms and ranches across the country. Fuel, fertilizer, fencing materials, animal health supplies, and equipment prices are sharply higher across the board, and many of these cost categories have increased at a faster rate than cattle prices. Congress must seriously evaluate the extent to which federal policies have contributed to this unsustainable situation and, where appropriate, take the necessary steps to remedy it. Any solutions must be rooted in sound monetary policy and in accordance with the free-market principles which define the American economy.

V. Burdensome Regulations

Overly burdensome federal regulations also complicate producers' ability to be profitable, undermining their ability to maximize their investments in all facets of sustainable operation. Whether it is uncertainty resulting from arduous livestock transportation requirements, compliance costs associated with the Biden Administration's Waters of the United States (WOTUS) Rule, or land management restrictions resulting from unscientific influences in implementation of the National Environmental Policy Act (NEPA) and Endangered Species Act (ESA), cattle producers end up being saddled with the bill more often than not. Further compounding this problem is the unserious manner in which federal agencies calculate stakeholder compliance costs in their rulemaking analyses, often grossly underestimating financial burdens. At a time of great geopolitical uncertainty, the U.S. simply cannot afford to further burden food producers with massive costs and rules crafted by those farthest from the ground. As elaborated later in my testimony, overregulation must be addressed. Food security is national security, and the current regulatory environment jeopardizes the continued success of America's farmers and ranchers—those on the front lines providing that food security.

VI. Summary

To recap, though challenges remain, I am optimistic about the state of the cattle industry. While cattle prices are reaching record highs, many producers are not able to fully take advantage of this welcome development due to increased input costs, climbing interest rates, and a web of regulatory red tape. In fact, several producers are analyzing these very risk factors and opting out while the going is good rather than investing with confidence in the growth of our industry. Going into a Farm Bill year and a new Congress, lawmakers can help those producers share my optimism by addressing several key issues.

NCBA PRIORITIES FOR THE 118TH CONGRESS

As the Committee seeks to address a host of challenges during the 118th Congress, NCBA urges lawmakers to consider several key areas of importance to cattle producers. While the following is by no means an exhaustive list, these are the areas of most immediate concern to farmers and ranchers.

I. Pass the 2023 Farm Bill

An important priority for cattle producers this Congress is timely passage of a robust Farm Bill. The Farm Bill authorizes several important U.S. Department of Agriculture (USDA) programs ranging in mission from conservation to risk management, and trade promotion to animal disease preparedness. Farmers and ranchers rely on efficient implementation of these programs to ensure stability across the agricultural sector.

Specifically, NCBA urges the following as the 2023 Farm Bill is considered:

- *Protect Animal Health*

  Animal disease poses one of the greatest threats to the U.S. livestock industry. Since passage of the 2018 Farm Bill, highly pathogenic avian influenza has wreaked havoc upon the domestic poultry industry, African swine fever has spread closer to U.S. shores, and foot and mouth disease continues to run rampant across the globe. These diseases, and others like them, will cause tremendous economic devastation if not properly responded to in a timely manner. Simply put, Congress cannot afford to cut corners on animal disease prevention and preparedness programs.

  Therefore, NCBA calls on Congress to strongly support three critical animal health components in the Farm Bill. First, provide mandatory funding to the National Animal Vaccine and Veterinary Countermeasures Bank (NAVVCB) at $153 million per year. This level of support will significantly ramp up the cattle industry's ability to respond to and eradicate animal disease outbreaks through a robust vaccine bank. Second, NCBA requests $70 million per year in mandatory funding for the National Animal Disease Preparedness and Response Program (NADPRP) at USDA's Animal and Plant Health Inspection Service (APHIS). This crucial program allows USDA to collaborate with interested stakeholders nationwide to better prepare for and remedy animal health emergencies. Third and finally, NCBA urges lawmakers to provide $10 million per year in mandatory funding for the National Animal Health Laboratory Network (NAHLN), with an additional authorization for appropriations of $45 million per year. This program conducts critical animal disease surveillance and diagnostic work which is instrumental to rapid response in the event of an outbreak. Collectively, the NAAVCB, NADPRP, and NAHLN are colloquially referred to as the "Three-Legged Stool," and NCBA reiterates the importance of adequately supporting all three elements within APHIS.

- *Promote Voluntary Conservation Programs*

  Cattle producers graze on more than 660 million acres in the United States, nearly one third of the nation's continental land mass. Encouraging and incentivizing voluntary conservation practices is an essential part of the equation when it comes to managing across the portion of those acres that are privately owned. NCBA strongly supports a number Title II conservation programs in the Farm Bill, as many cattle producers' only nexus with the federal government is through their local Natural Resources Conservation Service (NRCS) or Farm Service Agency (FSA) office.

  Working lands programs such as the EQIP and Conservation Stewardship Program (CSP) — in tandem with Conservation Technical Assistance — provide the most direct, on-the-ground support for cattle producers. The 2018 Farm Bill maintained a 50% carveout for livestock-related practices under EQIP, but this set-aside was removed in the Inflation Reduction Act.[3] NCBA urges Congress to reestablish the set-aside; CSP funding goes primarily to crop producers, and the EQIP set-aside will ensure an equitable distribution of programmatic funding and maximize impact across all working lands.

  The Conservation Reserve Program (CRP) can be a valuable tool for cattle producers, both for conservation purposes and for income diversification. However, the current terms and parameters of CRP leases discourage many producers from enrolling. NCBA encourages Congress to allow grazing as a mid-contract management tool, as a more climate-friendly alternative to chemical use or controlled burning. We also urge Congress to open CRP acreage for emergency haying and grazing. Certain CRP practices lose emergency haying and grazing access when counties quality for the Livestock Forage Disaster Program (LFP). Not only does this limit grazing access when forage supply is most limited, but the distribution of payments to all producers in a county creates inflation within the industry and pushes hay prices up.

  Finally, NCBA requests that lawmakers direct USDA to allow producers to graze cover crops planted as part of voluntary conservation programs without a reduction in payment. Again, grazing is a low-impact, nimble tool that can be highly beneficial in place of burning, tilling, or chemical treatment.

- *Reinforce Disaster Programs*

  Natural disasters, livestock predation, and other unforeseen events can have catastrophic consequences for cattle producers. Disaster programs, such as the Livestock Indemnity Program (LIP) and Livestock Forage Program (LFP) ensure farmers and ranchers can easily recover from weather events or other causes of death loss. Congress should continue to support such programs in the upcoming Farm Bill and avoid changes that would make programs less accessible or restrictive.

- *Support Risk Management Programs*

  Risk management is a major component of a successful and solvent cattle operation. Cattle producers utilize a myriad of insurance tools, production practices, and futures products to better protect themselves from market volatility. While the federal crop insurance system is primarily geared toward crop production, historically, those few products designed for livestock producers have not been workable for the majority of the cattle industry—particularly smaller, cow-calf operators. However, recent administrative changes to programs like the Livestock Risk Protection (LRP) and Pasture, Rangeland, Forage (PRF) programs have resulted in record-breaking enrollment in both programs. The Federal Crop Insurance Board and USDA's Risk Management Agency (RMA) have taken feedback from the livestock sector and improved upon their suite of products to ensure efficacy and

[3] Pub.L. 117-169

viability. In addition, new tools continue to come to market which could help cattle producers better weather the price swings inherent to commodity production. Congress should continue to support RMA's crop insurance programs, including LRP and PRF, in the Farm Bill and resist any attempts to roll back support for these critical resources.

- *Oppose a Standalone Livestock Title*

  The cattle industry focuses on a handful of specific programs in the Farm Bill, but a standalone livestock title is not necessary to accomplish our purposes. However well-intended, such action would open the door to harmful mandates or poison pills—such as Mandatory Country of Origin Labeling—during conference negotiations. We respectfully request Congress advance a bill void of a livestock title.

II. Nullify USDA's Harmful Packers & Stockyards Rules

In July 2021, Agriculture Secretary Tom Vilsack announced that USDA would begin work to, "strengthen enforcement of the Packers and Stockyards Act."[4] Since then, the USDA's Agricultural Marketing Service (AMS) has promulgated three rules in furtherance of this objective: "Transparency in Poultry Grower Contracting Tournaments,"[5] "Poultry Growing Tournament Systems: Fairness and Related Concerns,"[6] and "Inclusive Competition and Market Integrity Under the Packers and Stockyards Act."[7] Additionally, NCBA anticipates at least one additional rule which, as of this writing, has not been proposed but is identified in the Fall 2022 Unified Regulatory Agenda as, "Unfair Practices, Undue Preferences, and Harm to Competition Under the Packers and Stockyards Act."[8]

This suite of regulations is the latest in a series of rulemaking efforts dating back to the 2008 Farm Bill. That legislation directed the Secretary of Agriculture to, "promulgate regulations pursuant to the Packers and Stockyards Act of 1921 to establish criteria that the Secretary will consider in determining whether an undue or unreasonable preference or advantage has occurred in violation of such Act…"[9] USDA has attempted rulemaking in accordance with this congressional mandate three times: once in 2010,[10] again in 2016,[11] and finally in 2020. The 2010 and 2016 rules were met with overwhelming opposition from NCBA and the vast majority of livestock and poultry industry representatives. As a result, the 2010 rule was defunded through the appropriations process beginning in Fiscal Year 2012,[12] and the 2016 rule was withdrawn by the Agency.[13] The 2020 rule, which NCBA reluctantly supported, was finalized and took effect in January 2021, satisfying the congressional directive outlined in the 2008 Farm Bill.[14] USDA bears no statutory obligation to continue promulgating regulations under Sections 202(a) and 202(b) of the Packers and Stockyards Act. Despite this fact, USDA is proceeding with the aforementioned regulations and NCBA once again opposes these misguided rules which, if enacted, would have devastating effects on the cattle market.

Though not the sole source of our concerns with these rules, chief among them is USDA's position regarding Harm to Competition, a crucial legal precedent which has been upheld in federal circuit court each of the eight times it has been tried.[15] In his 2021 announcement, Secretary Vilsack indicated that USDA, "will re-propose a rule to clarify that parties

[4] USDA Press Release No. 0130.21
[5] 87 Fed. Reg. 34980
[6] 87 Fed. Reg. 34814
[7] 87 Fed. Reg. 60010
[8] Docket No.: AMS-FTPP-21-0046
[9] Pub.L. 110-234 [Sec. 11006]; 7 U.S.C. § 228
[10] 75 Fed. Reg. 35338
[11] 81 Fed. Reg. 92703
[12] Pub.L. 112-55; Division A, Title VII, Section 721
[13] 82 Fed. Reg. 48603
[14] 85 Fed. Reg. 79779
[15] *Terry v. Tyson Farms, Inc.*, 604 F.3d 272, 277-79 (6th Cir. 2010) (stating, "All told, seven circuits—the Fourth, Fifth, Seventh, Eighth, Ninth, Tenth, and Eleventh Circuits—have now weighed in on this issue, with unanimous results.")

do not need to demonstrate harm to competition in order to bring an action under (the Packers and Stockyards Act)." If USDA is successful in this attempt, standard business practices developed by cattle producers would be subjected to immense litigation and federal scrutiny by Washington bureaucrats. This would set the industry back decades in terms of innovation and profitability, and cost cattle producers billions in legal costs.[16]

To date, USDA has demonstrated little interest in seriously engaging with livestock and poultry producers to address our concerns with these regulations, and NCBA expects the proposed rules will finalize with few significant amendments. As such, we urge Congress to once again reign in USDA's egregious breach of both congressional intent and judicial precedent by taking action to bar the rules from taking full force and effect.

III. Defend the Beef Checkoff

Commodity research and promotion boards, authorized by individual statute or the Commodity Promotion, Research, and Information Act,[17] are indelible in promoting U.S. agriculture- and natural resource-based commodities both at home and abroad. Earlier this year, H.R. 1249, the so-called Opportunities for Fairness in Farming (OFF) Act, was introduced in the House of Representatives. Despite purporting to be a vehicle to modernize these critical tools, this bill is a blatant attack on all commodity research and promotion boards (also known as "Checkoff" programs) which, if enacted, would substantially undermine producers' ability to market their products and stymie critical research, including in the field of human nutrition.

The Beef Checkoff, for example, was established by statute in 1985 and ratified by 79% of cattle producers in a national referendum three years later. The Beef Checkoff collects $1 per head from the receipts of cattle sold and uses these pooled resources to conduct research and market U.S. beef to both domestic consumers and foreign importers. According to USDA estimates, cattle producers realize $11.91 in return for every $1 invested in the Beef Checkoff assessments.[18]

Research and promotion boards, including the Beef Checkoff, exist to develop new markets and strengthen existing channels for specific commodities while conducting important research and promotional activities (e.g., the immensely successful *Beef. It's What's For Dinner.* campaign). They also work to educate consumers on behalf of a particular commodity to expand total demand to the benefit of all producers. Contrary to claims made by proponents of the OFF Act, checkoffs are prohibited from influencing public policy and disparaging other commodity products. As such, they are currently subjected to rigorous compliance protocols, both internally and by USDA.[19]

The Beef Checkoff has measurably improved beef demand since its inception. Without checkoff programs, demand and education outreach efforts would be adversely impacted to an immense degree. NCBA urges Congress to defend the Beef Checkoff and vehemently oppose the OFF Act.

IV. Promote Animal Health and Disease Preparedness

As previously noted, one of the biggest threats to cattle producers is animal disease. Established by Congress in 2003 as an amendment to the Food, Drug, and Cosmetics Act,[20] the Animal Drug User Fee Act (ADUFA) authorizes the Food and Drug Administration (FDA) to collect fees from animal health companies to enable FDA's Center for Veterinary Medicine to meet performance standards for the timely approval of new animal drugs.[21] NCBA urges swift reauthorization of the ADUFA program with no post-market amendments before September 30, 2023. An efficient new

[16] *An Estimate of the Economic Impact of GIPSA's Proposed Rules*. Informa Economics: 2010.
[17] Pub.L. 104-127
[18] *Cattlemen's Beef Board*. U.S. Department of Agriculture.
[19] *Guidelines for AMS Oversight of Commodity Research and Promotion Programs*. U.S. Department of Agriculture: 2020.
[20] Pub.L. 75-717
[21] Pub.L. 108-130

animal drug review process is essential to the approval of safe and effective new animal drugs that protect animal and public health.

Equally as important, in January 2023, USDA-APHIS announced a proposed rule to require electronic identification (EID) for interstate movement of certain cattle. NCBA recognizes that animal disease traceability (ADT) is an essential component of protecting the U.S. cattle herd during an animal disease outbreak. While NCBA would have preferred industry take the lead on this issue rather than APHIS, we support the development and implementation of a nationally significant ADT system. An official ADT program rule from USDA should include parameters that ensure strict data integrity throughout the system, limit the cost passed onto producers, and operate at the speed of commerce. Additionally, in order to ensure a smooth transition to compliance with the proposed rule and robust participation in ADT programs, Congress should provide APHIS sufficient funding to purchase official EID tags and related infrastructure to be made available to cattle producers impacted by the rule. This is not unprecedented, as APHIS has previously used the Animal Health Technical Services line for this purpose when EID was a voluntary form of official identification.

Without a national traceability system in place, the already significant impacts of a foreign animal disease outbreak would be magnified. For example, a foot-and mouth disease (FMD) outbreak in the United States would lead to an immediate stop of all livestock movement for at least 72 hours. Most major export markets would close to U.S. beef and the estimated economic impact would be in the tens of billions of dollars. A traceability system would support a quick return to normal operations for cattle producers following a disease outbreak. Traceability data would allow producers in low-risk areas to resume transporting cattle, while helping animal health officials stop the spread of disease in high-risk areas. A traceability program would also help expedite the return to an FMD-free designation, which is beneficial for trading relationships and consumer trust in beef.

V. Correct the Record on Cattle's Climate and Conservation Benefits

The United States is home to the most sustainable beef production system in the world, thanks to decades of and continual improvement by American farmers and ranchers. Thanks to investments in cattle genetics, technologies, and management practices, the same nutritious protein today takes significantly less land, water, and feed to produce. Our emissions per pound of beef have decreased nearly 40% since 1960, and direct emissions from beef account for only 2% of our nation's overall greenhouse gas emissions.

Cattle play an integral role in the carbon cycle on our nation's grasslands, landscapes that have always existed in harmony with grazing animals. Within 10 years, 90% of that methane combines with oxygen in the atmosphere and converts to carbon dioxide. Carbon dioxide is absorbed by grasses during photosynthesis, cattle graze the grass, and the cycle begins anew. The methane emitted by cattle reenters the carbon cycle; it does not remain in the atmosphere in perpetuity.

Thanks to the natural topography of the continent, cattle are able to graze our vast landscapes without deforestation. Cattle spend most of their lives grazing on pasture, oftentimes on ground that is unsuitable for producing crops. Between their consumption of otherwise inedible forage and the use of other food by-products in cattle feed, 90% of what cattle consume is inedible to humans. This makes them incredibly efficient upcyclers, turning forage and foodstuffs that would otherwise end up in a landfill into nutritious, high-quality protein that feeds consumers at home and around the world.

The livestock industry holds an unmatched capability to influence land management in the United States for the better, and a strong track record of sustainable stewardship. Forty-seven percent of all U.S. private land is grazed by livestock, comprised of diverse range, pasture, and forest ecosystems.[22] On federal lands, cattle and sheep ranchers hold more than 22,000 federal permits to graze on lands administered by the Bureau of Land Management (BLM) and U.S. Forest

[22] *Natural Resources Conservation Service. National Range and Pasture Handbook.* U.S. Department of Agriculture: 1997.

Service (USFS) on behalf of the American people. These ranchers undergird the rural economy across much of the western United States, contributing an estimated $1.5 billion each year to communities across the region.

Additionally, federal grazing permittees make invests in the land that benefit our natural resources, the federal agencies tasked with management, and the taxpaying Americans that treasure these iconic landscapes. Grazing is an effective tool to manage a wide variety of forage, encouraging the growth of perennial native grasses and curbing the spread of invasive species like cheatgrass. Grazing makes significant contributions to soil health, through both added organic matter and mechanical hoof action, both of which improve the soil's ability to store carbon. Last year, wildfires burned more than 7.5 million acres across the West.[23] To state the obvious, the need to reduce fuel loads and lower the risk of catastrophic wildfire is critical. According to the National Interagency Fire Center, this work costs federal agencies on average $150/acre — livestock grazing can accomplish the same task at no cost to taxpayers. Cattle grazing play a critical role in fire suppression and creating resiliency on the land. Grazing is also nimble and scalable, meaning it can be applied in precise locations and patterns to create fuel breaks where other tools like chemical treatments or prescribed burns may not be possible or advisable.

On both private and public lands, cattle ranchers' conservation work supports some of our nation's most iconic wildlife species, generates billions of dollars through recreation and tourism, and keeps millions of acres healthy, green, and free of development sprawl. NCBA urges Congress to continue to incentivize voluntary conservation work on private lands, encourage cross-boundary collaboration on private and public lands, and reduce the regulatory burden on ranchers so that they can continue stewarding our nation's open landscapes.

VI. Develop New and Existing Export Markets for U.S. Beef

Trade is vital to the success of the U.S. cattle and beef industry. Every effort should be made to expand export opportunities for U.S. beef by removing tariff and non-tariff barriers through trade agreements and other terms of market access. NCBA strongly supports market-driven and science-based trade policy that removes restrictive tariffs and arbitrary measures that punish U.S. cattle producers and our global customers. NCBA's trade goals include reauthorizing Trade Promotion Authority and prioritizing trade with our allies, especially the United Kingdom. Effective trade policy will empower the entire production chain–from cattle producer to retailer–to capitalize on consumer demand and benefit from exports and imports of live cattle and beef.

Trade agreements have been instrumental in removing tariff and non-tariff trade barriers—resulting in record-setting export sales for U.S. beef. In 2022, exports added $448 per head by selling certain cuts like tongues and short plate at stronger prices overseas.[24] Imported lean beef trimmings are used in combination with our fat cattle trimmings to make the leaner ground beef American consumers are demanding. The volume of cattle involved in cross-border cattle trade is small in comparison to overall U.S. cattle production, and Congress should continue to support trade initiatives that include provisions beneficial to cattle producers.

The U.S. has some of the highest food safety and animal health standards in the world, and for a foreign country to gain access to our market it must demonstrate safety equivalence to these rigid standards. U.S. beef consumers demand well-marbled steaks and lean ground beef—two products which are not derived from the same animal. To meet lean beef demand, we import approximately 11% of beef consumed domestically. Of that, three-quarters is lean trim for blending. One of the leading import sources for lean trimmings is Brazil. Unfortunately, the government of that country has repeatedly shown they are unwilling or unable to report outbreaks of animal disease in a timely manner as prescribed by the World Organization for Animal Health. NCBA has repeatedly raised these concerns with USDA and Secretary Vilsack, and strongly encourages the U.S. government to hold Brazil accountable and ensure protection of U.S. beef producers and consumers.

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[23] *National Interagency Coordination Center Wildland Fire Summary and Statistics Annual Report*. National Interagency Fire Center: 2022.
[24] *2022 Beef Exports Set Annual Records*. U.S. Meat Export Federation: 2023.

VII. Reduce Regulatory Burdens for Cattle Producers

Cattle producers navigate an immensely bloated body of regulations each day in the course of running their businesses and caring for the land. One of the most impactful and burdensome regulations, on both private- and public-land operators, is the Endangered Species Act (ESA). The well-meaning law was intended to create a framework for identifying at-risk species, evaluating status, listing, recovery, and delisting when goals are met. In the half-century since its inception, only 2% of listed species have ever met the recovery and delisting thresholds; improvements are urgently needed.

NCBA urges Congress to work with cattle producers, not against them, in their efforts to voluntarily conserve species habitat. Many species of note, such as the lesser-prairie chicken, rely almost entirely on private landowners for their habitat. Moving away from overly punitive, restrictive, and prescriptive listings and encouraging voluntary conservation work will benefit both producers and species at risk. One fix to expand flexibility would be to pass legislation allowing for the creation of a 4(d) rule under the ESA for species listed as “endangered,” not just “threatened.”

Additionally, we ask Congress to close ESA loopholes that have allowed frivolous litigation to bog down the U.S. Fish and Wildlife Service (USFWS) and other agencies for decades. Radical environmental activists have perfected the art of using the ESA to target industries they oppose, such as farming and ranching. Lawsuits that force USFWS to jump through legal and administrative hoops bog down the agency, push them to regulate by popular opinion rather than sound science, and divert resources from the species that are truly in peril.

Finally, NCBA urges Congress to support efforts to delist species in a prompt and timely manner when recovery goals have been met. When enacted, part of Congress’ clear intent in the ESA was to measure success, demonstrate recovery goals had been met, and delist the species. Litigation and constantly shifting definitions of recovery have made delisting very rare. This opaque process has resulted in species like the gray wolf, which has met recovery goals many times over, to remain on the list, undermining public confidence and trust in USFWS.

On federal lands, the greatest regulatory burden facing cattle producers is the National Environmental Policy Act (NEPA). NEPA assesses nearly every activity on public lands, including grazing permits. Cattle ranchers understand and support federal land management agencies making decisions based on the best available science. However, NEPA has evolved from a decision-guiding tool into a barrier that is exploited to obstruct projects. In 2018, the White House Council on Environmental Quality estimated that it took the Bureau of Land Management (BLM) and U.S. Forest Service (USFS) an average of 4.5 years to complete a NEPA Environmental Impact Statement. Some ranchers have waited years or even decades to complete simple tasks like renewing a grazing permit, installing a water feature that will benefit livestock and wildlife, or reducing fuel loads in wildfire-prone areas.

In its current form, the NEPA administrative process is completely unable to keep pace with the needs of the livestock industry, infrastructure projects, renewable and conventional energy development, and overdue environmental management actions. NCBA urges Congress to expand agencies’ ability to use Categorical Exclusions for grazing permit renewals and wildfire mitigation actions. We also request that Congress require agencies to consider the full impacts of a proposed action, including socioeconomic factors, in addition to environmental criteria.

VIII. Reauthorize Livestock Mandatory Reporting

LMR is the most accessible and important market transparency tool available to cattle producers today. Since its inception over twenty years ago, cattle producers have benefited from consistent, timely, and accurate reporting of market information by USDA-AMS. In addition to using this information to make informed business decisions, LMR information is often used in cattle pricing agreements. It is a trusted source which has been wildly successful and popular throughout its history.

LMR must be reauthorized by Congress every five years, and most recently expired at the conclusion of Fiscal Year 2020. Though its authority has been temporarily extended through the appropriations process since then, cattle producers need the certainty and dependability that only a full and complete reauthorization can provide. As such, NCBA once again urges Congress to reauthorize this critical program before September 30, 2023.

IX. Expand Beef Processing Capacity

NCBA is generally supportive of USDA's investments to expand meat and poultry processing capacity. Increased hook space will further improve producer leverage in cattle negotiations, increase resiliency in the beef supply chain, and provide producers more options for packing services. Programs such as the Meat and Poultry Processing Expansion Program, which has awarded over $130 million in grants to eligible processors to expand their capacity, is a significant tool which will help strengthen the supply chain. NCBA appreciates USDA's attention to this very important issue and looks forward to continuing to work together to make sure investments go where they are needed most, and processors can access the funds they need.

In addition to capital assistance, NCBA supports removing regulatory barriers for smaller, regional beef processors where practicable. However, we remain opposed to legislation that rolls back longstanding food safety protocols and could unintentionally erode consumer confidence in the security of beef. For example, the Processing Revival and Intrastate Meat Exemption (PRIME) Act would pave the way for uninspected meat and poultry products to be sold in retail channels.[25] While well-intended, this bill would cause consumers to question U.S. beef's superb safety reputation, ultimately resulting in a decline in beef demand which only harms cattle producers. Supply side market shocks, such as the disruptions caused by COVID-19, are comparatively easier to recover from than demand side market shocks (i.e., reduced consumer confidence in the safety of meat and poultry products). Consequently, NCBA has supported, and continues to support, legislative proposals like the Direct Interstate Retail Exemption for Certain Transactions (DIRECT) Act which would increase access to marketing channels for state-inspected meat and poultry processors.[26] We have also supported the Amplifying Processing of Livestock in the United States (A-PLUS) Act, which would modernize regulations to allow auction markets to invest in local beef processing.[27] These bills address key barriers for smaller processors while also accommodating the food safety measures which consumers trust.

CONCLUSION

To summarize, Mr. Chairman, it has been said many times before and will certainly be said again in the future: cattle producers are resilient. Overcoming adversity, and sometimes the odds, we will continue to produce the best beef on earth in the most sustainable way in the world.

Thank you for inviting me to testify on these important issues. I look forward to answering any questions.

Respectfully Submitted,

Todd Wilkinson
President
National Cattlemen's Beef Association

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[25] H.R. 2814
[26] H.R. 547, 117th Cong.
[27] H.R. 530