

Allow me to express my appreciation for the opportunity to share the Georgia cattle industry's perspective on the upcoming 2007 Farm Bill. My name is Jim Strickland, and I am a cattle producer and veterinarian from Glennville, Georgia. Currently, I am President of the Georgia Cattlemen's Association and am a member of the National Cattlemen's Beef Association.

Like agricultural producers across the country, we have been anxiously awaiting the start of crafting of the 2007 Farm Bill. As cattlemen and beef producers, our livelihood is tied to many other agricultural commodities. Livestock consumes three out of four bushels of the major feed grains like corn, sorghum and barley. Cattle in feedlots account for nearly one-fourth of the total grain consuming animal units, and all beef cattle account for nearly 30 percent. We are dependent upon this nation's agricultural system and infrastructure to feed, transport, market our cattle and provide beef for America's table; and as such, we are interested in seeing this segment remain healthy and viable.

Unlike other agricultural commodity groups, we tend to generally have a slightly different perspective of portions of U.S. agriculture policy. Our industry is made up of over 800,000 cattlemen in all 50 states, and we have over 95 million head of cattle in this country. Cash receipts from cattle and calves in 2005 are over 48 billion dollars, and those sales account for nearly 40 percent of all livestock sales and nearly half of all farm receipts. In Georgia alone there are almost 1.2 million head of cattle on 21,000 operations. Of that group, roughly two thirds of them operate herds of less than fifty head, and another 17% have fifty to one hundred head. The cattle industry is the largest diversification enterprise for Georgia producers. Cattle are found in almost every county in conjunction with row crop enterprises, poultry operations, forestry and small business.

Cattlemen are an independent lot who want the opportunity to run their operations as they see fit with minimal intrusion from the government. Specifically to Georgia, cattle operations are the backbones of many small communities and in many cases are the most profitable if not the only production agriculture left in their area. The cattle industry, as the nation's largest segment of agriculture, is focused on continuing to work towards agricultural policy which minimizes direct federal involvement; achieves a reduction in federal spending; maintains the right of individual choice in the management of land, water and other resources; provides an opportunity to compete in foreign markets; and does not favor one producer or commodity over another. In an environment such as Georgia and the entire Southeast, the degree of integration between all segments of livestock and crop production make the need for an even playing field more important.

As cattlemen and beef producers, we understand and embrace the fact that the open and free market is powerful. The cyclical ups and downs of the market can be harsh, but the system works, and we remain steadfastly committed to a free, private enterprise, competitive market system. It is not in the nation's farmers or cattlemen's best interest for the government to implement policy that sets prices; manipulates domestic supply, demand, cost or price; or underwrites inefficient production.

Conservation and the Environment

There are segments of Federal agriculture policy that we can work on together to truly ensure the future of the cattle business in the United States. Conservation and environmental issues are two such areas. Some of the cattle industry's biggest challenges and threats come from the loss of natural resources and overly burdensome environmental regulations. Cattlemen are a partner in conservation and were the nation's first environmentalists. The livelihood of each cattleman is made on the land, so being good stewards of the land not only make sense environmentally; it is fundamental for our industry to remain strong. Our industry is threatened every day by urban encroachment, natural disasters and misinterpretation and misapplication of environmental laws. We strive to operate as environmentally friendly as possible, and it is here where we can see a partnership with the government.

The goal of conservation and environmental programs is to achieve the greatest environmental benefit with the resources available. One such program that achieves this is the Environmental Quality Incentive Program or EQIP. Cattle producers across the country participate in this program, but arbitrarily setting numerical caps that render some producers eligible and others ineligible limits the success of the program. Addressing environmental solutions is not a large versus small operation issue. In Georgia this is especially true where some of the smallest operations are on the edge of some of the most environmentally sensitive areas. Also, the topographical differences in our state dictate that geography alone determines the size of many of these operations. All producers have the responsibility to take care of the environment and their land, and should have the ability to participate in programs to assist them in establishing and reaching achievable environmental goals. Accordingly, all producers should be afforded equal access to cost share dollars under programs such as EQIP.

Secondly, many producers would like to enroll in various USDA conservation programs such as CSP and CRP to reach environmental goals. However, to enroll in these programs requires the producer to stop productive economic activity on the land enrolled. We believe economic activity and conservation can go hand in hand. As such, we support the addition of provisions in the next farm bill that will allow managed grazing on land enrolled in CRP. This practice can be especially beneficial in times of disaster. Recognizing that most of Georgia's CRP acreage is in trees, the opportunity to utilize this Silva-pasture as a drought or other emergency grazing source will only serve to level the playing field with areas of the country that have emergency grazing or haying capability. This will have tangible benefits on environmental quality, for example, helping to improve lands threatened by invasive plant species.

USDA's conservation programs are a great asset to cattle producers. We want to see them continued and refined to make them more effective in protecting the environment in a sensible way and to become more producer friendly.

Environmental issues are also a huge challenge for our industry. We understand the need for environmental regulations to protect resources downstream, and we believe those producers that knowingly and willingly pollute and violate the Clear Air and Clear Water Acts should be prosecuted to the fullest extent of the law. However, the use of other vehicles, such as EPA's Superfund, to sue agricultural producers in an attempt to get larger settlements is egregious and it threatens the future of agricultural producers both large and small regardless of commodity produced. This, combined with EPA's talk of regulating agricultural dust, animal emissions and

other naturally occurring substances, makes us all concerned for our industry.

Although these items are not addressed in the Farm Bill, we ask that the members of the Committee step in and help producers in their fight to have effective and sensible environmental regulations. We are very supportive of H.R. 4341 that addresses our concerns regarding manure and dust being treated as contaminants that need to be treated under the Superfund regulations. Regardless of the extent that these issues are addressed in the 2007 Farm Bill, we encourage the committee to support a Senate Resolution similar to H.R. 4341.

In recognition of current energy and fertilizer prices, any discussions relative to the environment, conservation and animal waste need to continue to look for and encourage utilization of livestock manure as a viable resource for crops and forages. In Georgia and across the region great strides have been made in utilization, storage and transportation of poultry litter as a fertilizer source. We need to recognize that practices such as these, under proper nutrient management, should be encouraged in concert with a compliment of commercial fertilizer.

Activism

In addition to dealing with the misapplication of environmental regulations, our industry is also becoming more at risk from attacks by environmental and animal activist and terrorist groups. Activist groups such as PETA and the Humane Society of the U.S. (HSUS), along with extremist groups such as the Animal Liberation Front and Earth Liberation Front, use extreme measures to try and force their views of vegetarianism and extreme environmentalism on others. It is also important to recognize the difference in environmental conservation versus preservation. Many of these groups take a preservationist approach to private property even when there is no threat to plant or animal species.

Every person has a right to their own views, but to force their views on others using scare tactics, arson and terrorism is unacceptable. It's not just the extremists, however, that threaten animal agriculture. All we have to do is look at the issue of processing horses for human consumption. All it took was a few celebrities, horse racing groups and misinformed politicians to pass a law that banned the use of USDA funds to inspect horse-processing facilities. The processing of horses is a regulated and viable management option that helps take care of unwanted or unmanageable horses. It would be preferable if there were plenty of people willing to pay for these animals and take care of them, but there are not. Instead, a group of activists have pushed their emotional views on others, and in return are running the risk of allowing more horses to starve or be mistreated, as well as putting companies out of business. This win gives activist and extremist groups a foothold to come after other species. It is no secret that groups, such as PETA, want to put the U.S. cattle industry out of business. Our industry has made great strides in recent years to address issues such as E.Coli 157.H7 with the help of science based approaches. Science and fact based solutions need to dictate the future of American agriculture, not emotion and perception. It may seem far-fetched, but in today's society, the rural voice is quickly being lost. The Farm Bill should not be a platform for these activist groups.

Trade

Beyond conservation, environmental and activist issues, there are several other issues that have the potential to impact the long-term viability of the beef industry. Trade is one such area. U.S. cattlemen have been and continue to be strong believers in international trade. We support aggressive negotiating positions to open markets and to remove unfair trade barriers to our product. We support government programs such as the Market Access Program and the Foreign Market Development Program which help expand opportunities for U.S. beef, and we urge sustained funding for these long-term market development efforts.

We also support Congressional and regulatory action to address unfair international trade barriers that hinder the exportation of U.S. beef. We appreciate the Committee's help in working to reopen foreign markets that were closed to U.S. beef after the discovery of BSE on December 23, 2003, in a Canadian cow in Washington State. As you are aware, we continue to fight to get our product into several countries and have seen recent setbacks in places such as Korea and Japan. We ask that you continue to support the effort to see that sound science is being followed in bringing down these artificial trade barriers. To grow our business, we have to look outside of the U.S. borders to find 96 percent of the world's consumers. We believe that we produce the safest and most wholesome beef in the world and stand behind the OIE and others that have scientifically supported our assertion. Fair trade based on fact, for our beef and our international trading partners products, is the only means to build long-term trade agreements. We encourage the Committee's continued strong and vigilant oversight of the enforcement of any trade pact to which American agriculture is a party.

Animal ID

The Georgia Cattlemen's Association has been aggressively engaged on the issue animal identification for the past several years. As one of the organizers of the Southeastern Livestock Network, our association has worked with producers, educators and animal health officials to move toward a workable animal identification system. We recognize that there are two critical components to functional animal identification: 1) data movement needed to achieve viable animal health surveillance and 2) data movement needed to add value to producers' cattle through the market place. We recognize that for either of these components to work there has to be a fully functional national premises system in every state. Funding and support for state animal health officials to register and assign premises numbers is vital to the future of the system. This step, coupled with a viable partnership with market driven animal movement databases, will achieve the greatest producer buy-in and ultimately the success of the program.

In trying to deal with, and mitigate the effects of, animal health emergencies on our business and trade, we believe in participating in a privately held animal identification system. That system now exists and is under the administration of the U.S. Animal Identification Organization or USAIO. The Southeastern Livestock Network was one of the founding members of this organization. Formed in January, they are administering an animal movement database that has the ability to work with animal identification service providers across the country to collect animal movement data and serve as a single point of contact in the event of an animal health emergency. This system will provide real time access to USDA and their State

Veterinarians and will allow trace-back of any diseased animal to start immediately and be completed in less than 48 hours. Confidentiality of the information is paramount and is one of the greatest concerns for producers in Georgia and across the country. This privately held database will keep the information much more safe than a public, or USDA system would. The USAIO is currently recruiting partners and building the amount of data they have in their system. It will be self-funded and will not rely on any federal funding.

Research

In regards to animal health emergencies, we see a need to keep a strong agricultural research component to the Farm Bill. USDA's research is critical in all aspects of our business from eradication and control of zoonotic diseases to food safety. Research helps to find new and improved cattle production methods to help make our business more efficient and effective. Animal health research helps to control and eradicate animal diseases; develop better methods to keep foreign animal diseases out; and to identify, control and preempt new diseases. These activities keep our national herd healthy and make it easier to export our beef and cattle. In addition, nutrition research is important to show that beef is a healthy part of America's diet and plays an important role in USDA's "My Pyramid" and food guidelines.

Energy

Research is also needed to identify and develop alternative methods of producing energy. Renewable energy is going to become an increasingly important part of our country's energy supply and there are many ways that cattle producers can contribute and benefit. Research and development is needed to find cost-effective methods of utilizing manure and animal waste as a fuel and fertilizer supply. Gasification and other methods hold a lot of promise for our industry. When looking at ethanol, however, we must be careful not to act in a way that is detrimental to the livestock industry. Livestock consume the majority of U.S. corn. As ethanol continues to grow, we must make sure it does not do so at the detriment of the cattle feeding industry. We must take all opportunities to look at ways to balance feed demand, price and the benefit of renewable fuels.

Property Rights

One of the biggest concerns to cattlemen and their ability to conduct business right now is their private property rights. The Supreme Court's ruling in *Kelo versus The City of New London* sent a shockwave through the cattle community. The thought that our farms could be taken by municipal governments and turned over to private developers in the name of economic development is disturbing. Our country is great for many reasons, but one of them is the ability to own property, use it how you see fit and not worry about it being taken from you on someone else's terms. Georgia has recently passed legislation that addresses some of these concerns on a state level, but we still have concerns of the precedent set by this case. We believe in the rights of cattlemen to keep their property and applaud the Committee's efforts to protect those rights.

Taxes

Reducing the tax burden on cattlemen has always been a top priority for our industry. We continue to support permanent repeal of the Death Tax. Regardless of how many or how few are effected, if even one rancher has to sell off part of their operation to pay this tax, it is unacceptable to us. Cattlemen pay their fair share of taxes, and resent the fact that many are being penalized for wanting to pass their operations on to future generations. Our priority is to keep families in agriculture, and this tax works against that goal. We do not see this as a tax cut for the rich. The rich can afford high priced attorneys and accountants to protect their money now. Our producers operate in an asset rich but cash poor business environment. Cattlemen must spend money that would otherwise be reinvested in their businesses to hire the resources necessary to protect their assets and pass their operations on to their children. At the same time, however, they may have several hundred acres of land of which the value has been driven up by urban sprawl and the unintended consequences of Federal crop supports. We also support keeping the Capital Gains Tax at a lower rate, repeal of the Alternative Minimum tax and full 100 percent deductibility of health insurance premiums for the self-employed.

Marketing Issues

Like the 2002 Farm Bill, we fully expect to deal with several marketing issues in Title X of the bill. Although we believe that the Farm Bill is not the place to address these issues, they continue to come up and we must be prepared to defeat them. When looking at these issues, it is important to note that we support the critical role of government in ensuring a competitive market through strong oversight. This includes the role of taking the necessary enforcement actions when situations involve illegal activities such as collusion, anti-trust and price-fixing. The USDA Office of Inspector General's recent report on the audit of GIPSA is concerning, but we have faith in the new Administrator's ability to comply with the OIG's recommendations and tighten up GIPSA's enforcement of the Packers and Stockyards Act.

However, government intervention must not inhibit the producers' ability to take advantage of new marketing opportunities and strategies geared toward capturing a larger share of consumers' spending for food. A ban on packer ownership or forward contracting has been a part of Farm Bill debates for years. We are staunchly opposed to those efforts because by legislating those conditions, Congress is trying to tell cattle producers how and when to market their cattle. This strikes at the very basis of our business, which is utilizing the market and its opportunities to improve our returns and make a living.

In Georgia the term "freight-away" is a common description of where we produce feeder cattle relative to the feeding and processing industry. This term refers to the significant amount of cost involved in delivering cattle from this part of the country the thousand-plus miles to the next step of the production phase. In recent years many producers have worked to add value through many different marketing channels that reward them for added value. Many of these same marketing channels regularly use forward contracting and other means to market these Georgia calves as they exit the feeding phase. Any effort to unnecessarily inhibit the marketing flow of cattle would take away much of this market that our region of the country has worked to develop. This would be additional market burden on top of the one already created by geography. We do not believe that Congress should tell cattlemen how they can market their

cattle. Each producer should be able to make that decision for himself, whether he markets his cattle through traditional or new and progressive channels. The market provides many opportunities and cattlemen should be allowed to access all of them.

An additional critical issue of concern is mandatory Country of Origin Labeling or COOL. Cattlemen across the country realize the benefit of labeling our product because we produce the best beef in the world. The ability to separate our product from everything else in an effort to market its superiority is a fundamental marketing strategy. There are voluntary labeling programs across the country that are being driven by the market, led by cattlemen and are providing a higher return on their cattle. This is what a labeling program should be about...marketing. Instead, mandatory COOL has turned this into yet another commodity type program that treats all beef the same and does not allow for forms of niche marketing. This will cost producers money, but will not provide them with any return. In addition, mandatory COOL is being pushed by some as a food safety prevention tool and a non-tariff trade barrier. COOL is a marketing tool only, and in no way should be tied to food safety. We have firewalls in place to keep U.S. beef safe. COOL should also not be used as a non-tariff trade barrier. To label our beef in an effort to capitalize on the demand for our premium product is one thing, to label it as a way to block the competition is yet another.

In an effort to enhance the marketplace for cattlemen, we support legislation that would allow meat inspected by state departments of agriculture to be shipped across state lines. Packing plants across this country, both big and small, follow all the same food safety techniques, and state inspectors are effectively trained and competent in their meat inspection skills. This type of provision would create additional competition in the packing sector and create marketing opportunities for family-owned packing companies who are currently limited to simply marketing in-state.

In short, the government's role should be to ensure that private enterprise in marketing channels and risk management determines a producer's sustainability and survival.

Conclusion

As has been the tradition in the cattle industry, we are not coming to you with our hand out. As I mentioned earlier, America's cattlemen are proud and independent, and we just want the opportunity to run our cattle operations the best we can to provide a high quality product to the American consumer, and even more importantly, provide for our families and preserve our way of life.

In Georgia we continue to see pressure from economics, weather and urban expansion on all of agriculture. We have seen a dramatic decline in crop and timber prices in recent years. Cattle production on a small or large scale has been one of the few enterprises that has been able to hold on and has recently made a rebound. Our industry is in the most direct contact with the ever-growing urban community and in many cases is the only agriculture that consumers encounter. Georgia, and the nation's beef industry, has a long heritage of not only producing high quality beef, but also using our operations as an environment to teach conservation, responsibility and the value of hard work. I personally feel that producing responsible citizens

is as valuable as the high quality beef from my herd.

We are coming to you in an effort to work together to find ways to use the extremely limited funds available in the best way possible to conserve our resources, build our industry and provide for individual opportunity at success. We ask for nothing more than Federal agriculture policy that helps build and improve the business climate for cattlemen. We look forward to working with you on the 2007 Farm Bill.