

July 2, 2010



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CCA Encourages Members to Review Water Diversion Reporting Requirements after Deadline

Even though the July 1 Surface Water Diversion and Use reporting deadline has passed, CCA would encourage members who have yet to file their statement of diversion for 2009 to do so as soon as possible.

The law does not provide the State Water Resources Control Board (State Water Board) flexibility to alter the July 1 reporting deadline that has been in law since 1966, however, they do recognize that there are additional water users who have not reported and are still learning the process of doing so. Communications with the State Water Board have indicated they understand and recognize the difficulty in getting the word out about the reporting requirements statewide and the difficulty diverters have had accessing information and assistance in a timely manner.

The reporting law adopted by the California legislature in 1966 requires those that divert water from California's lakes, rivers, streams, creeks or pump water from known

subterranean streams to report water use to the State Water Resources Control Board using a Statement of Diversion and Use. The reporting statute applies to all water diversions, including adjudicated and riparian water rights. Certain exemptions exist for diversions that are already being reported under a stockpond registration or by a watermaster and for diversions of less than 25 acre-feet/year from a spring that does not flow off the property.

Until recently, there was no consequence associated with non-compliance, however, following the adoption of water legislation passed by the state legislature and Governor Schwarzenegger last year, a series of fines were established for water diversions that are not reported on an annual basis as currently required by state law. A \$1,000 fine will be assessed for not reporting followed by a 30-day correction period. Following the correction period, failing to register fines will be assessed at \$500/day. Additional fines have been added for accidental and willful misstatements.

CCA has been working diligently to provide information on how to comply since the beginning of the year and will continue to assist members on how to report diversions over the next few months. More information on the reporting program and the reporting form can be accessed by visiting the CCA Web site at www.calcattlemen.org.

Members are encouraged to either contact the State Water Board directly at (916) 341-5300 with questions or by contact Justin Oldfield at justin@calcattlemen.org or by calling the CCA office at (916) 444-0845.

Senate Bill 1303 Gains Passage in Senate

Senate Bill 1303, authored by Sen. Lois Wolk (D-Davis), gained passage out of the Assembly Committee on Appropriations. SB 1303 extends the provision of the California Endangered Species Act whereby ranchers and farmers may engage in routine and ongoing agricultural activities without fear of penalties should they accidentally take a species listed as candidate, threatened or endangered.

This provision of law has been in place since 1997 and is a critical component in incentivizing landowners to allow habitat enhancement on their property. This legislation is sponsored by CCA and the California Farm Bureau Federation, and now moves to the Assembly floor.

Please contact Dawn Clover at dawn@calcattlemen.org with questions or concerns.

JBS Announces Agreement to Purchase Arizona Feedlot

This week, the U.S. cattle feeding unit of Brazilian meat packer JBS SA said it has reached a deal to buy McElhaney Feedyard in Welton, Ariz., for \$24 million.

In a note on its Web site, JBS said the feedyard will be part of its Five Rivers Cattle Feeding LLC unit. The feedyard has a one-time capacity of 130,000 cattle and is near

JBS' Tolleason, Arizona, beef plant. The transaction includes the purchase of 100 percent of the asset, including yards and feed mill. It is subject to the customary regulatory approvals.

Presently, the majority of the cattle from the McElhaney Feedyard are processed in Brawley, Calif.

Obama's Initiates Call to Action on U.S.-Korea Trade

President Obama recently directed the United States Trade Representative (USTR) to initiate new discussions with Korea to resolve outstanding trade issues prior to the President's visit to South Korea for the next G-20 meeting in November. According to USTR, "after the meeting and with those issues successfully resolved," the President plans to submit the Korea-U.S. Free Trade Agreement (KORUS FTA) to Congress in the following months.

If implemented, the KORUS FTA would reduce Korea's current tariff on U.S. beef from 40 percent to 0 percent over 15 years. It is projected that the U.S. beef industry would see \$15 million in new tariff benefits in the first year alone, with about \$325 million in tariff reductions annually once fully implemented. In 2003, U.S. beef producers sold \$815 million in beef, beef variety meats and processed beef products to Korea. If KORUS enters into force, Korea could eventually be a \$1 billion market for U.S. beef producers.

With other countries like Australia moving forward on trade agreements with Korea, it's more important than ever that Congress and the industry be active in increasing opportunities for trade.

CCA is pleased to see the Obama Administration taking steps that could have a positive impact on California beef producers and will continue to share any news on beef trade with members.

FDA Issues Draft Guidance on Antibiotics Use in Livestock

On Monday, June 28, the U.S. Food and Drug Administration (FDA) issued draft guidance on "the judicious use of medically important antimicrobial drugs in food-producing animals." As a guidance document, these recommendations will not carry the force of law. However, FDA has indicated the document could potentially be used as the basis for future regulations.

FDA's guidance recommends: 1) the use of medically important antimicrobial drugs in food-producing animals should be limited to those uses that are considered necessary for assuring animal health, and 2) the use of medically important antimicrobial drugs in food-producing animals should be limited to those uses that include veterinary oversight or consultation

While there is no conclusive scientific evidence indicating the judicious use of antibiotics in cattle contributes to antimicrobial resistance in humans, the beef industry continues to

actively monitor all of the international research to ensure policies are in line with the latest knowledge.

CCA and NCBA have worked extensively on issues related to antibiotics use including working to defeat legislation last year that proposed to eliminate the use of antibiotics in production of various classes of beef. CCA and NCBA support actions based on sound, peer-reviewed science and risk assessment relative to the use of antibiotics and will continue to provide any updates on the guidelines as they are made available.

Water Diversion Penalty Bill Gains Passage in Assembly Water, Parks & Wildlife

Senate Bill 565, authored by Sen. Fran Pavley (D-Agoura Hills), gained passage in the Assembly Committee on Water, Parks and Wildlife this week, following lengthy testimony in opposition of various agricultural and water user groups, including the California Cattlemen's Association.

SB 565 would significantly increase penalties and fees for illegal water diversions, and provide the State Water Resources Control Board with increased authority to investigate and prosecute illegal water diversions.

Please contact Dawn Clover at dawn@calcattlemen.org with questions or concerns.

American's Great Outdoors Initiative

Next week, there are two public listening sessions scheduled in California on the President's, "America's Great Outdoors Initiative." President Obama launched the initiative to develop a 21st century conservation agenda and to reconnect Americans with our great outdoors. The listening sessions offer an opportunity for the public to describe the challenges and opportunities in land and water conservation, in improving recreational opportunities for a large urban population, and in restoring and conserving our vital natural and cultural resources to enable access to a broad array of outdoor recreation.

A large focus of the hearing will be on the acquisition of public lands to preserve our country's natural resources, and secondly, on public recreation on national lands. These listening sessions are an opportunity for members to express their views and opinions on public land acquisition and management, along with the ecological and economical importance of private working landscapes.

On July 7, in Davis, a listening session is scheduled that CCA staff are attending.

On July 8, in Los Angeles a listening session is scheduled that Kevin Kester, CCA first vice president, will be attending and speaking on behalf of CCA members during the introductory panel.

For more information on attending a listening session or the America's Great Outdoors Initiative please contact Tracy Schohr in the CCA office at (916) 444-0845 or tracy@calcattlemen.org.

Rangeland Coalition Strategic Plan Created

The California Rangeland Conservation Coalition Steering Committee, that includes CCA members and staff, has just completed the partnership's five-year Strategic Plan. The plan sets forth key goals and objectives for this partnership to focus on in the upcoming years.

"The Strategic Plan builds upon the work that the California Cattlemen's Association is trying to accomplish individually," states Matt Byrne, CCA executive vice president. "Through this partnership we have identified allies that are assisting CCA in accomplishing long-term priority goals such as estate tax reform."

To review the strategic plan, [click here](#). For more information or questions please contact Matt Byrne or Tracy Schohr in the CCA office at 916-444-0845.

Look in your Mail Box for Ecosystem Services Survey

Just a reminder, 200 randomly-selected CCA members were mailed an Ecosystem Services Survey. The goal of the survey is to understand ranchers' level of interest and the potential for developing payments for the ecosystem services (i.e. environmental benefits such as carbon sequestration, water quality improvements, wildlife habitat, etc.) that ranching provides. Emerging markets offer the potential to provide a financial return to ranchers for good environmental stewardship by creating new economic incentives for practices that improve the quality of water, soil, air and wildlife habitat on working landscapes.

CCA is working with California Rangeland Conservation Coalition partners, including the California Rangeland Trust, Natural Resources Conservation Service, Defenders of Wildlife and California Woolgrowers on this anonymous survey of ranchers on developing ecosystem markets. Members who receive the survey are encouraged to fill it out and send it back so the results can be tabulated. No personal information was shared with partners, research team members or will be collected for compiling survey results.

"It is imperative ranchers perspectives are considered in the development of emerging ecosystem services markets," said CCA President Tom Talbot, DVM. "CCA members have a unique opportunity through this survey to guide the structuring of markets that are designed with rancher's preferences in mind, therefore I encourage you to take the time to complete the survey."

If you have any questions about the survey, please contact Tracy Schohr in the CCA office at (916) 444-0845 or tracy@calcattlemen.org.

Cattle Fax Weekly Market Highlight
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For the week, the fed cattle market was primarily steady. In the North, cattle sold mostly at \$91 live with some at \$92. On a dressed basis, \$145 to mostly \$146 caught the bulk of the sales. In the South, cattle sold for mostly \$91. Trade volumes were larger than expected going into the short production week. The boxed beef market was sideways to firm, demand is fairly stable at the current time. Feeder cattle prices were steady to \$1 higher for the week as were calves. Movement slowed after early week as sales began to shut down for the holiday weekend. Slaughter cows were \$1 to \$2 firmer for the week, also on shorter offerings. Corn values went up this week after the USDA issued a report stating that planted acres were fewer than the trade was expecting.