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An Open Letter to Angus Producers

Angus cattle have never been more relevant to every facet of the U.S. beef industry than they are today. That's because the American Angus Association® took steps more than 30 years ago to plan for this future. As members, you invested heavily in statistical tools and evaluation programs to improve Angus genetics and guide you toward profit as the industry rightly evolved from the commodity to a more consumer-focused mentality. The foresight to include consumers in breed development, while others did not, served you well. Pull-through demand for the premium brand you own — the *Certified Angus Beef*® (CAB®) brand — led the way to value-added opportunities for all who produce the leading value-added cattle, namely Angus.

Despite the dominant brand position CAB® maintains in the nation's beef industry, it has never been considered appropriate to establish a policy on industry-wide political issues, given our Association ownership. This occasion regarding the pending rules change from USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA) is consistent with that past. At the same time, an advisory is warranted to alert you to carefully consider all direct and unintended consequences. This advisory comes because of the new rules' potentially disproportionate impact on Angus cattle and those who have worked hard to add value through their consumer-focused programs.

The proposed GIPSA rules don't spell out a required end to value-based marketing. However, efforts to comply with the new provisions could logically result in fewer value-separation opportunities for high-quality cattle, compared to average. Anything that diminishes today's value edge could diminish what you have accomplished and the value-added advantage Angus cattle have enjoyed in the marketplace. The idea of improving fairness in the marketing of livestock is something we all should support. How it should be achieved is a matter of opinion.

Studies say the CAB® program adds millions of dollars to the value of your cattle through the current value-based, consumer-demand-driven market. The recent recession proved the sustained power of the CAB® brand in capturing consumer dollars and transmitting the added value back to the ranch. The past contains only years of expanding value-based marketing opportunities. No one can say how the brand's ability to transmit economic incentives to producers will fare in a future where the greatest focus is to ensure that all owners of all types of cattle have the same opportunities, with less regard for the carcass merit of their cattle.

Policy is a world of give and take. Angus breeders must weigh options and make independent decisions regarding what is best for your farm or ranch and the next generation of producers. Please study the issue, discuss with your representatives in Congress and take advantage of the opportunity to submit comments to USDA in the weeks ahead.

Respectfully,

John F. Stika
John F. Stika

GIPSA will consider comments received by Nov. 22, 2010.

E-mail: comments.gipsa@usda.gov

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Federal eRulemaking Portal: www.regulations.gov