



CONGRESS SHOULD APPROVE THE RENEWABLE FUEL STANDARD FLEXIBILITY ACT

The House should pass the "Renewable Fuel Standard Flexibility (RFS) Act" (H.R. 3097) and similar legislation when introduced in the Senate so that the playing field is made more level for all users of corn, especially in times when the corn crop falls short. This legislation would provide the opportunity for corn-based ethanol manufacturers to more equitably bear some of the burden resulting from a corn harvest shortfall.

Under the legislation, if USDA projects year-ending stocks of corn to be above 10 percent of the projected usage of corn during the crop year, there would be no requirement to adjust the RFS (mandated quantity of ethanol that must be produced for that particular calendar year). If, however, the stocks-to-use ratio is estimated to be 10 percent or lower, the following adjustment to the RFS would be required:

U.S. Corn Stocks-to-Use Ratio for Current Crop Year (percent)	Reduction in National Quantity of Renewable Fuel Required
10.00 – 7.50	10 Percent Reduction
7.49 – 6.00	15 Percent Reduction
5.99 – 5.00	25 Percent Reduction
Below 5.00	50 Percent Reduction

As is the current law and situation, the mandate is a minimum requirement. If market conditions are profitable for the manufacturing of corn-based ethanol, these companies can react to the market signals and produce ethanol as the profit or loss incentives so indicate. The "RFS Flexibility Act" would not be restrictive in that sense. However, the reduction requirement would help ease the market pressure created by the artificial demand for corn when there is clearly an inadequate supply of corn to meet all needs.

Poultry and egg producers have paid over \$25 billion in additional feed costs since October 2006 as a result of more and more corn being required for manufacturing of ethanol. In 2011 chicken companies, collectively, had the worst financial year in decades, if not in the industry's history. This financial disaster was caused by the very high and very volatile corn prices, driven by the tight supply of corn and the unrelenting demand for corn by ethanol manufacturers. This unfortunate situation in 2011 when more than a half-dozen chicken companies went out-of-business, filed for bankruptcy or had to be sold to new owners should not be allowed to happen again.

The House should approve the RFS Flexibility Act as soon as possible and it should be introduced and passed in the Senate, as well. If there is another shortfall in the corn crop this harvest, corn-based ethanol manufacturers need to know as timely as possible what quantity of ethanol they will be required to make. Providing this type of certainty now will avoid possible hasty Congressional action when consumers are calling for quick relief to sharply rising food costs and more animal agriculture producers are going out-of-business.



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CONGRESS SHOULD APPROVE PNTR FOR RUSSIA

Congress should approve permanent normal trade relations (PNTR) for Russia as promptly as possible so that this \$300 million poultry market for the United States is not jeopardized. Graduating Russia from the Jackson-Vanik amendment to the Trade Act of 1974 is key to extending PNTR with Russia, home of 142 million consumers and the world's seventh largest economy - the largest economy not yet formally subject to the global trading rules of the World Trade Organization (WTO). Granting PNTR is necessary to guarantee U.S. access to the Russian market and to benefit from the legal commitments in Russia's WTO accession agreement.

When Russia joins the WTO by ratifying its accession package about mid-2012, it will assume the international legal obligations of WTO membership. At the same time, however, Russia can discriminate against WTO members who have not afforded it PNTR.

Russia at times in the past has used arbitrary sanitary and phytosanitary (SPS) actions that lack scientific justification to limit or even halt poultry/meat imports from the United States. Without the ability to use WTO's dispute settlement procedures and other related mechanisms, the United States will be at a very significant disadvantage if Russia chooses to evoke bogus SPS measures against U.S.

poultry. As a member of the WTO, Russia is obligated to bind its agricultural import tariffs and tariff-rate quotas (TRQs). But, if Russia misuses SPS provisions, the tariff bindings and TRQs will become a secondary concern. Other world poultry competitors will undoubtedly step-up and try to replace the United States if the Russian market is disrupted for U.S. poultry exports.

Congress will not be voting on Russia's WTO accession, rather it will be voting on giving the United States equal accession to general tariff reductions, market opening measures and the ability of U.S. interests, such as poultry, to seek trade relief, if necessary, through the WTO.

NCC urges Congress to approve PNTR for Russia by mid-2012 to help assure the United States can continue to compete in the Russian poultry market. Greater assurance that the Russia poultry market will be more certain and more predictable is vital. Exporting \$300 million of poultry to Russia annually will provide better incomes for more U.S. workers and additional poultry to be produced by a growing number of family farmers across America.

March 2012



Coalition for U.S.-Russia Trade

PNTR isn't for Russia – It's for US

Russia PNTR is a critical step towards ensuring that the United States benefits from Russia's WTO Accession and remains competitive in that market.

PNTR matters for U.S. interests – not for Russia. Permanent Normal Trade Relations (“PNTR”) makes permanent the trade status the United States has extended to Russia on an annual basis for more than a decade – it effectively grants Russia the same access to the U.S. market as all of our other trading partners. It does NOT constitute any “special treatment” for Russia. Rather, PNTR is far more important to US (U.S. manufacturers, service providers and agricultural interests seeking access to Russia's market). Only U.S. Congressional approval of PNTR can guarantee the United States access to the many market opening and transparency commitments that form part of Russia's WTO commitments.

What is Jackson-Vanik and is it still relevant? Back in the 1970s, when the Soviet Union had restrictive emigration policies preventing Jews from leaving its territory, Congress passed the Jackson-Vanik amendment to the Trade Act of 1974. This provision required the U.S. President to review annually the emigration policies of the Soviet Union and other non-market economy countries before extending most-favored nation (MFN or NTR) access to the U.S. market. Jackson-Vanik's purpose in terms of Russia has been fulfilled: Russia terminated its exit fees on Jewish emigrants in 1991; today Russian Jews can freely emigrate. Since 1992, the United States has certified annually that Russia complies with the Jackson-Vanik amendment's provisions and has conferred NTR to Russia on an annual basis.

Why is it important to remove Jackson-Vanik for Russia and what does it have to do with Russia's WTO accession? WTO rules, to which the United States has agreed, require WTO members to extend normal trade relations to all other WTO members on an “unconditional” basis, unless a country does not want to “apply” WTO rules to another country. The Jackson-Vanik amendment places a “condition” on our trade with Russia. Graduating Russia from Jackson-Vanik and making NTR permanent will ensure that the United States will be in full compliance with its WTO obligations vis-à-vis Russia, enabling U.S. businesses and farmers to enjoy all of the trade concessions and commitments that Russia has made in order to join the WTO. Many of these concessions were won by U.S. negotiators. Since no other WTO member country has a law similar to Jackson-Vanik on its books, their industries will immediately benefit when Russia joins the WTO. Thus, voting for PNTR is essential to maintain the competitiveness of U.S. business and agricultural interests in Russia.

PNTR is about the U.S. getting access to lower Russian trade barriers – we don't change a single U.S. tariff or market protection. Unlike an FTA, PNTR does not require any tariff reductions or market liberalization on the part of the United States. Rather, PNTR is a must-have law to ensure that the Russian market stays open to U.S. firms and farmers once Russia becomes a WTO member and that the United States can enforce Russia's commitments.

PNTR keeps the United States competitive. Today, more and more U.S. companies view Russia as a lucrative market where they need to be present and doing business. A vote for Russia PNTR is a vote for U.S. job creation and economic growth. Without Russia PNTR, U.S. firms potentially will be forced to sit on the sidelines while our competitors in Russia conclude lucrative deals. It makes no sense for the United States to lose access to one of the largest economies in the world over an outdated law.

PNTR keeps U.S. companies active in Russia. PNTR will keep the playing field level for U.S. companies operating in the Russian market, helping to ensure that U.S. corporate representatives continue to impress U.S. values and best practices in management on their employees and through broader commercial relationships with suppliers and others. A strong U.S. presence in Russia also offers benefits associated with corporate social responsibility programs, good environmental and labor practices, and compliance with FCPA rules. In short, U.S. business sets an example for Russian business and Russia more broadly with such programs as well as the rules-based nature of our business conduct, our openness and respect for pluralistic ideas.

Don't shut the door to opportunities for U.S. business and agricultural interests in Russia.

Support Russia PNTR.

GIPSA Livestock Marketing Rule

In the 2008 Farm Bill, Congress directed the U.S. Department of Agriculture's Grain Inspection, Packers and Stockyards Administration (GIPSA) to develop criteria for poultry and swine contracts regarding five specific areas: undue/unreasonable contractual preferences/advantages; conditions for suspending delivery of birds or hogs; capital investments; opportunity for a grower to remedy a breach of contract; and arbitration terms. What came of it was a rule that creates significant uncertainty and will cause very serious economic harm to the poultry industry.

GIPSA issued a proposed rule in June 2010 identifying criteria for topics well beyond those listed in the Farm Bill, with some even reaching beyond GIPSA's statutory authority. The proposal also lacked an adequate economic impact analysis. Congress in the 2011 "minibus" appropriations bill prohibited GIPSA from using funding to implement criteria for areas beyond those specified in the Farm Bill and required GIPSA provide adequate economic impact analyses to assess the effects of its rulemaking.

GIPSA issued a final rule in December 2011 that still exceeded the agency's authority under the Packers and Stockyards Act (P&S Act), failed to comply with the terms of the Farm Bill, and imposed impractical requirements, all over objections voiced in comments from the regulated industry. Moreover, although GIPSA limited its enforcement criteria to topics covered by the Farm Bill, the final rule creates an inherently vague and uncertain enforcement environment, omits enforcement criteria required by federal courts, and imposes impractical and burdensome requirements on industry.

Several features of the rule are especially egregious:

- Purports to regulate chickens not raised for slaughter (pullets, laying hens, and breeders) despite no statutory authority to do so under the P&S Act;
- Lists non-exhaustive criteria GIPSA "may consider" when determining whether conduct violates the P&S Act, providing dealers no meaningful notice or opportunity to comply with GIPSA's interpretation of the law;
- Fails to acknowledge widely established judicial precedent requiring competitive injury be shown to establish a P&S Act violation, furthering confusion about dealers' obligations; and
- Imposes onerous and impractical requirements on dealers not reflective of longstanding industry practices and market realities, in disregard of detailed industry comments. -over-

The vague criteria in GIPSA's rule engender great confusion and uncertainty regarding a dealer's rights and obligations under the law. This uncertainty imposes significant costs on the industry and fails to provide any meaningful opportunity for dealers to understand and comply with their regulatory requirements.

It also exposes dealers to costly nuisance lawsuits over any conduct that might potentially implicate the criteria listed in the rule.

Further, complying with many of the rule's uncertain criteria requires disrupting long-

standing industry practices, significantly curtails a dealer's ability to respond to changing market conditions, and substantially raises the costs of and flexibility regarding investing in capital improvements and new technologies for raising poultry.

As an end result, the rule promises to increase the costs of producing chicken in the United States, decrease innovation in these industries, and place American chicken processors at a competitive disadvantage in the global market.

Please support Congressional efforts to require USDA to amend the GIPSA Rule to reflect Congressional intent.

March 2012

ANTIBIOTIC RESISTANCE: THE NEED FOR SOUND SCIENCE

The chicken industry takes seriously its obligation to use animal medications in a responsible manner. All medications are approved by the Food and Drug Administration (FDA) and their use is regulated by USDA. While only a limited number of medications are used in poultry, those that are used are very important to the industry in maintaining flock health and treating outbreaks of disease. The top priority for chicken farmers is to raise healthy, top quality birds, because doing so is not only an ethical obligation, it is the foundation of a safe and wholesome chicken supply.

Congress and the FDA are considering changes to the current system for antibiotic approval and oversight, including phasing out the use of certain antibiotics for farm use and redefining what represents “judicious use” of these products.

In 2011, Representative Louise Slaughter – (D-NY) introduced H.R.695, the Preservation of Antibiotics for Medical Treatment Act which will amend the Federal Food, Drug and Cosmetic Act to require the Secretary of Health and Human Services (HHS) to deny an application for a new animal drug that is a critical antimicrobial animal drug unless the applicant demonstrates that there is a reasonable certainty of no harm to human health due to the development of antimicrobial resistance attributable to the nontherapeutic use of the drug.

The legislation also requires the Secretary of HHS to withdraw approval of nontherapeutic use of such drugs in food-producing animals two years after the date of enactment of this Act unless certain safety requirements are met. The chicken industry does not support H.R. 695 because as an industry we follow “judicious use” guidelines, and support a regulatory policy

that is both science and risk based. We encourage the use of best management practices and responsible use of antibiotics that will advance public health, food safety and animal health and well-being.

Since 1988, all new antimicrobial drugs for use in food-producing animals may be used only by prescription of a licensed veterinarian. The company veterinarian makes the decision on whether and how to treat the flock. This ensures that scientifically valid controls are in use for any antimicrobials given to chickens being raised for food.

Any proposals – either regulatory or legislative – to change the use of antibiotics in animals should be based upon comprehensive scientific analysis and risk-based evaluations that can ensure a public health benefit and avoid unintended consequences for both human and animal health and food safety.

NCC, and many in the medical, veterinary and agricultural fields, question any substantive link or scientific basis between veterinary use of antibiotics and resistance in humans.

Keep science a part of any decision regarding antibiotics, and therefore, please do NOT support H.R. 695.



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**SENATORS SHOULD SIGN LETTER TO USTR KIRK REQUESTING MEXICO DISMISS
ANTI-DUMPING DUTIES CASE AGAINST U.S. CHICKEN LEG QUARTERS
(SENATE ONLY)**

Senators Tom Carper (D-DE), Saxby Chambliss (R-GA), and Mark Pryor (D-AR) are the lead signatories on the letter addressing the Mexican anti-dumping case against U.S. chicken leg quarters. The letter (on reverse side of this paper) needs to be signed by as many Senators as possible before the end of this week. The letter requests that U.S. Trade Representative Ron Kirk notify his appropriate counterparts in the Mexican government that the United States will oppose Mexico's request to join the Trans-Pacific Partnership (TPP) trade negotiations until the Mexican government officially commits to terminating its World Trade Organization (WTO) case against the unfounded and illegal charges that U.S. chicken leg quarters are exported to Mexico at price levels in violate WTO trade rules.

Mexico is reportedly anxious to join the ongoing TPP negotiations because it sees benefits to its exports when a favorable outcome is achieved for the TPP agreement. Mexico may also be looking for "cover" to help it make the determination it needs to cease the anti-dumping duties case.

The National Chicken Council understands that the primary Mexican company requesting this case may be having second thoughts regarding its original position. This company last year made an important investment in the U.S. chicken industry and now more fully appreciates that if Mexico applies significant import duties on chicken

leg quarters as a result of the preliminary anti-dumping duties going final, the result will have a negative impact on the price of U.S. chicken leg quarters and, in turn, a negative impact on its U.S. company's earnings.

There is no downside for a U.S. Senator to sign the letter. Rather, by signing the letter, Senators are supporting U.S. poultry and competing meats' interests, re-affirming fair trade by having member countries adhere to WTO rules, and acknowledging that U.S.-Mexican trade relations should be strengthened by encouraging trade to expand, not diminish.

Please sign the letter to U.S. Trade Representative Ron Kirk requesting that Mexico dismiss its WTO anti-dumping duties case against U.S. chicken leg quarters or risk the United States opposing Mexico's membership in the Trans-Pacific Partnership.

March 2012

March __, 2012

The Honorable Ron Kirk
United States Trade Representative
600 17th Street, NW
Washington, D.C. 20508

Dear Ambassador Kirk:

We are writing to express our concern with the antidumping action Mexico has instituted against chicken leg quarters. This action is based on the "average cost of production" and assumes that every part of the chicken should be priced the same, e.g., that the chicken feet have the same value as the chicken breast. This assumption is flawed and concerns us as members from poultry producing states.

The Mexican ministry recently announced its preliminary results; with proposed duties on U.S. poultry ranging from 64% to 129%. Although these duties have not yet been applied, under Mexican law, a final decision will have to be reached by August.

The Mexican antidumping action will deprive our poultry industry of the benefits of the North America Free Trade Agreement (NAFTA). This case sets an ominous example that could be repeated throughout the protein sector. The same approach could encourage others in Mexico to institute frivolous antidumping actions against our beef, pork or dairy sectors.

With U.S. poultry exports to China significantly decreased due to frivolous antidumping duties, Mexico is our most important market, importing nearly 250,000 metric tons in the most recent year valued at nearly \$270 million. Should this case lead to a formal consultation, the U.S. poultry industry will suffer a huge loss, as the World Trade Organization process runs its course.

We appreciate your efforts in working to open markets for U.S. poultry. Mexico's antidumping case is concerning and is not consistent with the free trade agreement reached with Mexico when NAFTA was ratified 18 years ago.

As we continue the Trans-Pacific Partnership negotiations, we urge you to resolve this situation and ensure that Mexico honors its commitment under NAFTA. We hope the antidumping case by Mexico is terminated and look forward to working with you to resolve this matter.

Sincerely,

CONGRESS SHOULD INCREASE FUNDING FOR THE NATIONAL POULTRY IMPROVEMENT PLAN

THE NATIONAL POULTRY IMPROVEMENT PLAN (NPIP) is a crucial program for ensuring the continued viability of U.S. poultry and egg production for both domestic and export markets. Although the program began in 1935 as a joint federal, state and industry effort to eradicate *Salmonella pullorum*, it has since expanded to include a variety of programs developed to address other highly pathogenic diseases in poultry (such as Avian Influenza), as well as food safety concerns like *Salmonella enteritidis*. Today, NPIP is critical to monitoring bird health domestically, improving food safety through the *Salmonella enteritidis* Monitoring Program, ensuring exports of primary breeding stock, and working collaboratively with states to control Avian Influenza.

More specifically:

- NPIP is recognized by international trade partners as an effective program for ensuring the health of poultry flocks.
- NPIP provides regulatory framework necessary for the commercial poultry industry to conduct interstate and international trade under a streamlined set of requirements and health certification processes.
- Through its General Conference Committee (GCC), NPIP serves as a facilitator in establishing guidelines based on scientific best practices for the benefit of authorities, industry, and the public. GCC also serves as an official advisory committee to the U.S. Secretary of Agriculture on poultry health issues.
- NPIP's unique structure as a federal-state-industry cooperative program, in conjunction with the GCC, allows for the rapid adoption of newly validated scientific procedures and diagnostic technologies. This flexibility allows

NPIP to address changing health challenges and international regulations efficiently and with input and consensus between federal and state officials and industry stakeholders.

- NPIP is a key component in the maintenance of standards of proficiency at diagnostic laboratories in the U.S. thanks to its training workshops, proficiency tests, and other programs.

NCC strongly support the continued efforts of NPIP to help establish production and/or health standards for segments of the U.S. poultry industry, including broilers, turkeys, commercial egg layers, primary breeders and multiplier breeders, as well as hobby and exhibition poultry, waterfowl and game bird breeders.

However, further budget restrictions on NPIP could jeopardize important aspects of the plan. In light of that, and to better assure the continued success of this program directly vital to the U.S. poultry and egg industries and indirectly beneficial to the U.S. economy, we strongly encourage increased NPIP resources in both staffing and funding.

Congress should move to increase funding and support for NPIP as the program is of critical importance to monitoring bird health, improving food safety, ensuring exports and controlling Avian Influenza.



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CONGRESSIONAL CHICKEN CAUCUS

The chicken industry's economic impact can be felt in every state and congressional district throughout the United States. As the world's most popular meat, American chicken enjoys an unparalleled reputation at home and abroad for being safe, wholesome, and affordable. U.S. chicken companies directly employ over 300,000 workers, producing products worth a total wholesale value of over \$45 billion dollars annually with major operations in more than 30 states. Additionally, there are more than 40 integrated companies that contract with about 25,000 family farmers to produce market-ready broilers, hatching eggs and pullets.

The **Congressional Chicken Caucus** was formed on January 18, 2012 to educate Members of Congress about the history, contributions and concerns of the U.S. chicken industry, which emanate from a wide range of issues pertaining to food safety, trade, labor, immigration, energy and the environment. The caucus will serve as a liaison to streamline communications, thus creating a network that will be in a better position to promote the interests of our industry.

This endeavor is especially important during a year that the Agriculture Committees are due to reauthorize the Farm Bill. It will serve both industry members and representatives with chicken interests to be better able to keep up with developments on this and other significant legislation.

The bipartisan group is co-chaired by Congressman Rick Crawford (R-Arkansas -1) and Sanford Bishop Jr. (D-Georgia -2).

In order for the Congressional Chicken Caucus to successfully provide a platform to discuss the role of government in addressing current and future industry challenges and to most effectively operate moving forward, solidifying membership will be key. The Caucus needs the support of Congressmen who represent districts with key industry presence, and we welcome and encourage you to contact your Member of Congress to join the Congressional Chicken Caucus.

Please find attached the current list of CCC members, and the contact information for both Congressman Crawford's and Bishop's offices, where members can officially join.

Thank you, and we look forward to a productive and rewarding inaugural year of the Congressional Chicken Caucus!

March 2012

Members of Congress Who Have Joined Congressional Chicken Caucus:

Rick Crawford (Co-Chair) (AR-1)

Sanford Bishop Jr. (Co-Chair) (GA-2)

John Barrow (GA-12)

Mo Brooks (AL-5)

Paul Broun (GA-10)

Shelley Moore Capito (WV-2)

Dennis Cardoza (CA-18)

John Carney (DE)

Jim Costa (CA-20)

Jeff Denham (CA-19)

Bob Goodlatte (VA-6)

Phil Gingrey (GA-11)

Tom Graves (GA-9)

Morgan Griffith (VA-9)

Tim Griffin (AR-2)

Gregg Harper (MS-3)

Andy Harris (MD-1)

Robert Hurt (VA-5)

Ron Kind (WI-3)

Jack Kingston (GA-1)

Larry Kissell (NC-8)

Billy Long (MO-7)

Mike McIntyre (NC-7)

Steve Palazzo (MS-4)

Mike Ross (AR-4)

Austin Scott (GA-8)

Steve Womack (AR-3)

Please thank those Members of Congress who have joined the Congressional Chicken Caucus! We urge you to encourage your Member to sign up today by contacting Chris Jones (Christopher.jones@mail.house.gov) in Congressman Crawford's office, or Sara McGovern (Sara.McGovern@mail.house.gov) in Congressman Bishop's office.