The National Pork Producers Council in 2012 continued to advance the agenda of the U.S. pork industry, scored a number of successes last year and made progress in other areas of importance to pork producers.

Perhaps one of the toughest fights last year for NPPC was over the so-called Egg Bill. Sponsored in the Senate by Diane Feinstein, D-Calif., and in the House by Kurt Schrader, D-Ore., the “Eggs Products Inspection Act Amendments” legislation would have codified an agreement the Humane Society of the United States (HSUS) came to with the egg industry. NPPC led the animal agriculture industry’s opposition to the bill and succeeded in bottling it up in the 112th Congress.

NPPC argued that the bill would set a “dangerous precedent” for allowing the federal government to regulate on-farm production practices, including animal housing. The legislation would take away producers’ freedom to operate in ways that are best for their animals, make it difficult to respond to consumer demands, raise retail food prices and take away consumer choice and, at a time of constrained budgets for agriculture, redirect valuable resources from enhancing food safety and maintaining the competitiveness of U.S. agriculture to regulating on-farm production practices for reasons other than food safety and animal health, said the organization.

In the agreement between HSUS and the egg producers’ organization, the animal-rights group agreed to forego trying to pass state ballot initiatives that would dictate egg production practices and to stop 10 years of litigation against and undercover investigations of the egg industry in exchange for egg producers nearly doubling the size of their cages for laying hens. In addition to cage sizes, the bill included labeling requirements for eggs and new air-quality standards for hen houses.

Similar legislation is expected to be introduced soon in the 113th Congress.

On another issue involving HSUS, NPPC continued to defend producers’ ability to use housing systems that are

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With Congress in seeming perpetual gridlock, drought and federal energy policy driving up feed costs and non-governmental organizations taking constant potshots at the U.S. pork industry, pork producers and the National Pork Producers Council didn’t have a lot of successes in 2012, but they laid the groundwork for victories in 2013 and continued to fight for reasonable legislation and regulation, to open new and expand existing export markets and to protect the livelihoods of America’s hog farmers.

NPPC lobbied members of Congress and executive branch officials and worked with representatives of foreign nations and other agriculture industry groups to advance proposals beneficial to the U.S. pork industry and to stop ones that would be detrimental to pork producers. As it does every year, NPPC made visits to congressional offices; attended political fund-raisers and coalition meetings; held briefings for lawmakers on critical matters, including antibiotics; gave congressional testimony on industry issues; and submitted dozens of letters to lawmakers and comments to regulatory agencies.

We weighed in on a variety of issues, from antibiotics to the so-called Egg Bill; from environmental regulations to an animal traceability system; and from free trade matters to the Renewable Fuels Standard. (See the pages in this Annual Report for all of our accomplishments in 2012.)

Our successes last year included implementation of important free trade agreements and negotiations on a new trade deal, defeat of the originally proposed regulation on livestock marketing – the GIPSA rule – and a final USDA rule to set up an animal traceability system.

In addition to our legislative and regulatory efforts, NPPC got USDA to make a $100 million supplemental pork purchase to help producers who struggled with the effects of a severe drought that affected most of the Midwest for most of the summer. The pork was used for various federal food assistance programs.

Additionally, NPPC staff and pork producers from across the country travelled to New Jersey in early November to prepare more than 9,100 meals of pork for victims of Hurricane Sandy and for first responders.

As always, in the coming year we will face a number of (old and some new) legislative and regulatory challenges, including a resurrected Egg Bill, attempts to ban certain antibiotics and a new Farm Bill.

With your continued support and involvement, NPPC in 2013 will be successful.
Perhaps the biggest victory for the National Pork Producers Council in the science and technology areas was the issuance of a final rule to implement a national animal traceability system.

In December 2012, the U.S. Department of Agriculture issued the traceability regulation, which would allow animal health officials to better identify, control and eradicate diseased animals during a foreign animal disease outbreak. An animal traceability program will save millions of animals, lessen the financial burden on the food-animal industry and save the American taxpayer millions of dollars.

The U.S. pork industry developed its own traceability system, establishing in 1988 a swine ID program that helped eradicate pseudorabies from the commercial herd. It since has enhanced that system by registering more than 99 percent of the premises of the nation’s 67,000 pork producers and asking pork packers to require premises registration as a condition of sale. Premises registration data includes the physical location of a farm, a contact telephone number and other publicly available information.

NPPC, which in 2011 submitted comments on the proposed traceability rule, worked with USDA to come up with a system that would support and that works for U.S. pork producers. While NPPC was disappointed with the rule implemented, it now has a system to which improvements can be made, and NPPC will work for those in 2013.

Related, NPPC presented to USDA and the U.S. Department of Homeland Security (DHS) a study conducted by the Food and Agricultural Policy Research Institute (FAPRI) at Iowa State University on the costs to the United States of a foreign animal disease (FAD) outbreak.

The analysis, which found that an FAD could over a 10-year period cost the U.S. pork industry $57 billion, prompted DHS to begin developing exercises focused on addressing and responding to such an outbreak. NPPC will use the FAPRI study to urge congressional lawmakers to fund research on FADs, call for an economic safety net for food-animal producers and allocate dollars for disease surveillance and emergency management functions.

NPPC also encouraged USDA’s Animal and Plant Health Inspection Service to maintain an appropriate level of surveillance for swine diseases and urged it to implement a comprehensive and integrated surveillance system.

On the perennial antibiotics issue, NPPC weighed in on several proposals from the U.S. Food and Drug Administration, submitting comments on its call for antibiotics that are “medically important” to humans to be used in animals only when necessary to ensure their health and on the agency’s proposal for an expanded Veterinary Feed Directive (VFD).

Finally, NPPC held for congressional staff an educational briefing on antibiotics use in livestock production and on swine diseases.
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best for the well-being of their animals. The animal-rights group last year coerced a number of food companies and restaurant chains into demanding that their pork suppliers abandon individual sow housing systems.

[In its effort to pressure NPPC into giving up its position of producer choice on the housing issue, HSUS threatened the organization with a number of frivolous and meritless legal actions.]

NPPC, which pointed out that the American Veterinary Medical Association and the American Association of Swine Veterinarians recognize individual and group housing as appropriate for providing for the well-being of sows during pregnancy, released at the 2012 World Pork Expo the results of a survey showing that the overwhelming majority of the U.S. sow herd spends some time in individual housing.

Conducted by University of Missouri extension economist Ron Plain, the survey found that currently only 17.3 percent of sows spend a portion of gestation in open pens. Plain surveyed pork operations with 1,000 or more sows. He received responses from 70 operations, which combined own about 3.6 million of the nation’s 5.7 million sows.

NPPC also pointed out that the more than 110 million market hogs are weaned and finished in separate housing facilities, with limited ability to match the pork produced back to the type of sow housing used. Currently, no major pork packer is segregating its pork products based on sow housing requirements.

NPPC scored a big victory with the U.S. Department of Agriculture’s final rule to implement the wholesale pork reporting provision of the federal mandatory price reporting law, which requires meat packers to report price data to USDA’s Agricultural Marketing Service (AMS).

NPPC worked to get the reporting provision included in legislation that reauthorized in September 2010 the Livestock Mandatory Reporting Act and helped develop the regulation as part of a negotiated rulemaking process.

The rule outlines what information packers will be required to submit to AMS, how the information should be submitted and other requirements. Packers will be required to submit the price of each sale, quantity and other characteristics, such as the type of sale, item description and destination of the product. AMS will use the data to produce timely, meaningful market reports.

Late in the year, NPPC filed comments on the wholesale pork reporting rule, expressing its support for the proposal and offering minor suggested changes to the regulation.

NPPC joined a coalition of agricultural organizations in successfully convincing the U.S. Department of Labor (DOL) to withdraw its proposed labor rule on children working on farms.

The rule, proposed in September 2011, prohibited children under the age of 16 from performing many tasks in agricultural environments. One provision, for example, would have prohibited youth from working at elevations over 6 feet, a limit that could have barred them from painting buildings and changing light bulbs. It also would have prevented those younger than 18 from working in feed lots, grain silos and stockyards.

NPPC also supported congressional legislation that would have barred federal officials from regulating in the future the farm chores done by children and teenagers. In lieu of a formal regulation, DOL and USDA will work with agricultural organizations to develop an educational program to reduce accidents involving young farm workers and to promote safer agricultural working practices.

NPPC succeeded in maintaining language in the fiscal 2013 federal agriculture funding bill that prohibits USDA from implementing portions of the Grain Inspection, Packers and Stockyards Act Rule related to the definition for undue and unfair preference and injury to competition. The original GIPSA Rule, which NPPC helped defeat in 2011, would have restricted marketing agreements between producers and processors, dictated the terms of production contracts, required additional paperwork, created legal uncertainty and limited producers’ ability to negotiate better prices for the animals they sell.

While Congress last year failed to approve a Farm Bill – the Senate passed a bill, but the House did not – NPPC succeeded in getting a
number of provisions important to pork producers included in the measures that were moving through both houses. A new Farm Bill will need to be introduced in 2013.

Included in the Senate and House farm bills were a provision to study a catastrophic insurance program for hog farmers and one to establish at USDA a new undersecretary for international trade. NPPC got language added to the House Farm Bill that would have repealed the GIPSA Rule and prohibit USDA from implementing any part of it in the future. Other language would have required USDA to report to Congress how it planned to comply with a World Trade Organization ruling against the U.S. Mandatory Country-of-Origin Labeling law.

NPPC board member Gary Asay, a pork producer from Osco, Ill., and a member of NPPC’s Farm Bill Policy Task Force, last March testified on the Farm Bill, urging the House Agriculture Committee to address in the legislation feed availability, comprehensive disease surveillance, new foreign market access, risk management and government intervention in the markets.

The organization also joined more than 30 agricultural groups in urging Congress to provide farmers and ranchers with permanent relief from the estate tax. The tax is levied on the net value – less an exemption – of an owner’s assets transferred at death to an heir or heirs. A 2010 tax law set the exemption for 2011 at $5 million and for 2012 at $5.12 million; for both years the tax rate on an estate’s value above the exemption was set at 35 percent. But for 2013 the exemption was scheduled to revert to a pre-2001 level of $1 million per individual, with a 55 percent tax rate. There would be an extra 5 percent levy on estates valued at more than $10 million. Congress in early 2013 approved a tax package that included a provision that maintained the 2012 estate tax exemption amount and indexed it for inflation. Lawmakers did, however, raise the tax rate from 35 to 40 percent.

NPPC also weighed in with the National Fire Protection Association (NFPA) on a proposed amendment to its standards for animal housing facilities that would have required fire sprinkler systems in newly constructed and some existing facilities. It withdrew the new standard after hearing from NPPC and other animal agriculture groups that the fire codes had the potential to significantly increase the cost of new barn construction and maintenance and could subject producers to biosecurity risks during annual sprinkler system inspections. NPPC also criticized NFPA’s process for failing to provide an adequate opportunity for stakeholder participation.

Additionally in 2012, NPPC worked with Congress and the Commodity Futures Trading Commission to get funds returned to pork producers who had margin accounts with futures trading firm MF Global. The company lost billions of dollars of customer accounts, including 30-40 percent of all pork producers. NPPC briefed congressional staff on producers’ use of the futures market to manage their risk, and it hosted at the 2012 World Pork Expo James Giddens, trustee for the liquidation of MF Global, who spoke to producers about efforts to return funds to customers and to implement regulations and procedures to prevent another debacle.

Finally, NPPC staff joined pork producers from across the country in New Jersey Nov. 7-12 to prepare more than 9,100 meals of pork loins and bratwursts for victims of Hurricane Sandy. Volunteers traveled from Indiana, Iowa, Maryland, Nebraska, New York, Oklahoma, Pennsylvania, South Dakota and Washington, D.C., to grill out of the National Pork Board’s We Care event trailer.

Pork sandwiches and sliced tenderloins provided by Smithfield Foods, Johnsonville and Hatfield Quality Meats also were handed out to National Guard personnel, first responders, shelters and meal centers. Monetary donations were received from the California Pork Producers Association, Indiana Pork, Iowa Pork Producers Association, Indiana Pork, Michigan Pork Producers Association, Nebraska Pork Producers Association, North Carolina Pork Council, North Dakota Pork Producers Council, Oklahoma Pork Council and Utah Pork Producers Association.
2011

Farm Takeover Bill

Agriculture Caucus

Antibiotics Briefing
In 2012, the National Pork Producers Council worked to advance the interests of America’s pork producers, testifying on important issues, educating members of Congress on pork industry topics, showcasing pork producers and pork products, developing grassroots advocates for the U.S. pork industry and giving back to communities, as it did in New Jersey for the victims of Hurricane Sandy.
The National Pork Producers Council in 2012 continued to work to keep existing export markets open to U.S. pork and to open new ones.

For 2012, the U.S. pork industry sent more than $6.3 billion of product to foreign destinations, up slightly from the record $6.2 billion that was exported in 2011. Last year’s exports, which represented 27 percent of total U.S. pork production, added nearly $56 to the price producers received for each hog marketed.

Here are some of the actions in the trade arena NPPC took on behalf of pork producers:

EU-U.S. Free Trade Agreement – NPPC’s most important international achievement in 2012 was ensuring that pork and other agricultural products will be included in an EU-U.S. Free Trade Agreement (FTA). As initially envisioned by some academics, members of the business community on both sides of the Atlantic and some European decision-makers, the trade negotiations were to focus on a narrow slate of deliverables to be achieved in a short period. Agriculture, because it is typically contested, was not going to be included in the scope of the negotiations. That would have been terrible for U.S. pork producers not only because they would have lost an opportunity to gain more market access in the EU but because the precedent for leaving agriculture out of FTAs would have been set. Through NPPC’s leadership, pork producers rallied all the other agricultural groups and pushed back hard through multiple letters to the Obama administration, meetings with congressional lawmakers and key administration officials and through a media strategy that included print ads in the Capitol Hill publications Politico and Roll Call.

NPPC succeeded in getting U.S. cabinet officials to state unequivocally that agriculture would be part of the EU-U.S. FTA negotiations. According to Iowa State University economist Dermot Hayes, an FTA with the EU would result in an additional $2 billion in pork sales within 10 years of implementation. In February 2013, the United States and the EU announced that negotiations would begin on the Transatlantic Trade and Investment Partnership.

Implementation of Colombia, Panama and South Korea FTAs – NPPC worked closely with U.S. trade officials on the implementation of the FTAs with Colombia, Panama and South Korea. All three trade deals became effective last year. The U.S.-Korea Free Trade Agreement, which entered into force March 15, eliminates tariffs on all U.S. frozen pork and some processed pork products on Jan. 1, 2016, and fresh-chilled pork will be duty-free 10 years after implementation of the agreement. According to Iowa State University economist Dermot Hayes, the FTA with Korea will create 9,100 direct U.S. pork industry jobs, increase annual U.S. pork exports by $687 million and add $10 to the price producers receive for each hog. The U.S.-Colombia FTA entered into force May 15. When fully implemented, Hayes calculates, it will generate an additional $68.9 million in U.S. pork exports, raise live U.S. hog prices by $1.15 and create 919 new jobs from increased pork exports alone. The agreement between the United States and Panama became effective Oct. 31, and according Hayes, it will generate an additional $16 million in U.S. pork exports and will cause live hog prices to be 20 cents higher per animal, when fully implemented. In addition, the FTA will create 213 new jobs because of increased pork exports alone.
**Colombia** – Currently, the United States ships mostly frozen pork to Colombia. While shipments of chilled pork should increase as the market develops under the U.S.-Colombia Free Trade Agreement, Colombia’s requirement that chilled pork be tested for trichinae remains an impediment to the U.S. pork industry’s ability to ship significant volumes of chilled pork to the South American country. After raising the issue in 2011, NPPC in 2012 committed to get the problem fixed in connection with implementation of the U.S.-Colombia FTA. NPPC worked closely with the U.S. and Colombian governments to resolve the issue. While Colombia did not drop its trichinae restriction last year, it is poised to do so early in 2013. According to Iowa State University economist Dermot Hayes, elimination of the trichinae restriction would result in the sale of an additional $50 million per year of U.S. pork within 10 years of implementation of the Colombia FTA.

**Codex** – The Codex Alimentarius Commission, an international body established by the U.N.’s Food and Agriculture Organization and its World Health Organization to promote food safety and to coordinate international food standards, in July 2012 adopted a science-based standard for ractopamine. Approved by the U.S. Food and Drug Administration, ractopamine is a feed ingredient used to promote leanness in pork and beef. NPPC led the charge in the private sector to support the efforts of the U.S. government to develop a science-based, international standard for ractopamine. The adoption of a maximum residue level for ractopamine, which came despite fierce opposition from the EU, Russia and a number of other nations, provides a path for trading partners to remove unscientific barriers to trade.

**Trans-Pacific Partnership** – NPPC continued to press U.S. trade negotiators to urge countries in the TPP, an Asia-Pacific regional trade pact, to remove sanitary-phytosanitary (SPS) barriers to trade and to eliminate import barriers that restrict U.S. pork. Jim Boyer, a pork producer from Ringsted, Iowa, in late July testified on behalf of NPPC about foreign trade barriers that adversely affect him and other small producers. Speaking to the House Small Business Committee’s agriculture, energy and trade panel, Boyer explained how non-science-based SPS measures that restrict market access of U.S. pork translate into lost value on the pigs that he sells and hurts his bottom line. He urged that a TPP agreement include a strong SPS chapter with a meaningful dispute settlement provision. Negotiations on the TPP, which includes Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam, are continuing in 2013.
The National Pork Producers Council last year continued its successes with regard to the Environmental Protection Agency’s efforts to further regulate concentrated animal feeding operations (CAFOs), getting the agency to drop its proposed CAFO reporting rule, which would have required large livestock and poultry facilities to submit to EPA substantial confidential farm and business information.

[In 2011, NPPC got a U.S. Court of Appeals to rule that EPA cannot require livestock operations to obtain Clean Water Act permits unless and until they have a discharge of manure into a waterway of the United States. The reporting rule was EPA’s attempt to circumvent the court decision.]

NPPC filed comments on the data collection proposal, pointing out that it would provide a clearinghouse for activists on the location of farms and was the product of a sweetheart settlement between the Obama administration and anti-animal agriculture activist groups. The organization also voiced concerns that producers would incur substantial legal liability and that, in compiling the information, the bio-security of producers’ operations may be compromised. Furthermore, NPPC said the rule would have provided little or no added benefit to improving manure management or protecting water.

NPPC also continued to work with EPA on the National Air Emissions Monitoring Study of emissions from livestock and poultry farms. It submitted comments on the agency’s “Draft Document Related to the Development of Emissions Estimating Methodologies (EEM) for Lagoons and Basins for Swine and Dairy Feeding Operations.” The EEM would establish useable emissions factors to help producers determine their compliance with federal clean air laws. Originally, EPA wanted to set emissions factors without input from the livestock and poultry industries. NPPC expressed concern over EPA’s failure to understand the basic differences between anaerobic lagoons and manure storage basins, as well as the impracticality of creating a single model for swine and dairy.

On another clean water-related issue, NPPC, along with six state pork associations and other national agricultural groups, filed a legal motion to intervene in litigation related to EPA water-quality standards. In the lawsuit, Gulf Restoration Network, et al. vs. Jackson, several environmental groups are demanding that a federal court order EPA to accept a petition to develop federal nutrient water-quality criteria for the 31 states whose waters flow into the Mississippi River Basin and to set a watershed-wide Total Maximum Daily Load (TMDL) for nutrients. After similar litigation by many of the same groups, EPA in 2010 set TMDLs for the Chesapeake Bay that target agriculture. A decision in the lawsuit is expected this year.

In other court action last year, the U.S. Court of Appeals for the District of Columbia Circuit in Washington, D.C., heard oral arguments on EPA’s approval of E-15 for use and sale as a fuel in the United States. E-15 is a blend of 15 percent ethanol and 85 percent gasoline. NPPC, along with other agriculture industry groups, argued that EPA’s approval of E-15 was illegal under the Clean Air Act. That statute prohibits new fuels from being marketed or sold if
Thanks to supporters of the U.S. pork industry, 2012 was another good year for the political action committee of the National Pork Producers Council – PorkPAC.

The PAC disbursed more than $234,500 to the campaigns of 92 candidates for federal office during the year; 86 of those candidates won election, giving PorkPAC a 93.4 percent success rate. (In 2010, its success rate was 80.4 percent.) During the year, it raised more than $202,000.

PorkPAC was created in 1986 to educate and support candidates at the federal level whose views represent the interests of pork producers, processors and the U.S. pork industry. It allows NPPC members concerned with the future of the pork industry to contribute to worthy candidates who have demonstrated their belief in the ethics and principles that align with those in the industry.

For more information about NPPC’s PorkPAC, contact Bill Davis at 202-347-3600 or at davisw@nppc.org.

Because drought conditions last year in most of the Corn Belt cut corn yields significantly, NPPC and a coalition of meat and poultry organizations asked EPA to waive the federal mandate for the production of corn ethanol. In a petition delivered to EPA Administrator Lisa Jackson, the coalition asked for a waiver “in whole or in substantial part” of the amount of renewable fuel that must be produced under the Renewable Fuels Standard (RFS) for the remainder of 2012 and for the portion of 2013 that was one year from the time the waiver became effective.

The RFS has “directly affected the supply and cost of feed in major agricultural sectors of this country, causing the type of economic harm that justifies issuance of an RFS waiver,” said the coalition in its petition. It pointed out that EPA was granted the authority in the 2005 Energy Policy Act and again in the 2007 Energy Independence and Security Act to waive because of severe economic or environmental harm the annual volume of renewable fuel that must be produced. The coalition asked Jackson to take prompt action to provide a measure of relief for livestock and poultry producers.

EPA last fall denied the coalition’s petition as well as requests for a waiver of the RFS from eight governors and a bipartisan group of 34 U.S. senators and 156 House members. The coalition will work in 2013 to fix the RFS law to ensure that the “safety valve” for food-animal producers works as intended.
The National Pork Producers Council would like to thank the individuals and organizations who support our mission to be the global voice for the U.S. pork industry.

Because these groups invest their time and resources, NPPC can focus on identifying and addressing critical issues.

- Develop and defend export markets
- Fight for reasonable legislation and regulation
- Inform and educate legislators

NPPC encourages all of you to get involved TODAY to continue to strengthen our industry.