



# LEGISLATIVE REPORT

## SAN DIEGO COUNTY COWBELLES

### NOVEMBER 2023



#### ARKANSAS TAKES ON FOREIGN-LAND OWNERSHIP WITH NEW RULE

In a nationwide 1st, Arkansas, under the direction of Gov. Sarah Huckabee Sanders, will enforce foreign-ownership land restrictions. On Oct. 17, Sanders ordered a China-owned company to drop farmland in NE Arkansas. Specifically, Sanders directed Northrup King Seed Co., a subsidiary of Syngenta owned by Chinese Communist Party (CCP)-controlled ChemChina, to divest of 160 acres of Craighead County farmland within 2 years. ChemChina is listed by the Department of Defense as a Chinese military company carrying threat potential to the U.S. "I'm announcing that Syngenta, a Chinese state-owned agrichemical company, must give up its land holdings in Arkansas," Sanders asserted. Additionally, Arkansas Attorney General Tim Griffin levied a \$280,000 fine against Syngenta for failure to disclose ownership. "... In this particular case, the latest the disclosure the ownership of this land could have been filed was June of last year," Griffin explained. "It was late, and so under that law ... the AG can fine a civil penalty ... up to 25% of the value of the property. The property in this case is \$1.12 million, according to Syngenta's own federal filing." "This is the first time that we've seen some kind of foreign ownership law enforcement action," noted Micah Brown, staff attorney for the National Agricultural Law Center, in a University of Arkansas release. "There's been a lot of attention on states enacting these laws, but there wasn't much enforcement action, if any at all." Sander's action stems from Act 636, passed in 2023 by the Arkansas state legislature. Act 636 blocks "prohibited foreign-party-controlled business" from owning public or private land directly or through affiliation. The "prohibited foreign-party" text refers to entities subject to the federal International Traffic in Arms Regulations, or ITAR. China is in the ITAR crosshairs.

#### Empty Cupboard

Foreign ownership of U.S. farmland has come to the fore in 2023. Beyond Arkansas, a Florida law bans Chinese nationals from property ownership. Montana banned farmland (near military areas) sales to six countries — including China. Alabama, Louisiana and Texas have pending legislation aimed at regulation of foreign farmland ownership. "Most of the 2023 enactments were directed toward what I call the 'Big Four: It's China, Iran, North Korea and Russia," Brown said. Significantly, Sanders' announcement comes a decade after the Arkansas rice industry was targeted by CCP espionage. Chinese national Weiqiang Zhang studied biotech crop production at Kansas State University and gained employment at Ventria (a Kansas-based private biopharmaceutical corporation) as a seed breeder. He gained access to a climate-controlled seed room and stole samples representing \$75 million in research. Zhang then used USDA letterhead to send counterfeit letters to six crop research colleagues in China, inviting them on a tour of Ventria and several more U.S. agriculture stops. Zhang's delegation made the rounds (including Dale Bumpers National Rice Research Center in Stuttgart, Ark., where Zhang's main accomplice, Wengui Yan, worked as a research geneticist) in 2013. However, while attempting to exit the U.S., the delegation was nabbed by U.S. Customs agents during a routine luggage inspection that revealed hundreds of stolen seeds, including corn, rice, soybeans, and wheat. Zhang was sentenced to roughly 10 years in prison.

#### State-Owned Enterprises

And if ChemChina refuses to relinquish farmland ownership in Arkansas? "To the extent actors are out of the country, it's hard to physically get access to them," Griffin stated. "But to the extent that they have assets within the state, we can take legal proceedings against that. I have full confidence that they're going to divest themselves of the property and they are going to pay the fine." "Because of the nature of China's government structure, SOEs—state-owned enterprises—are a way of doing business and so the idea that there's all these prosperous, large and growing Chinese companies that don't have ties to the Chinese government—direct ties—that's just not the case," Griffin added. "There are varying degrees of ties, but in this case, these are Chinese-government owned." For information on foreign ownership of U.S. farmland, see National Agricultural Law Center resources.

#### CATTLE RUSTLING REMAINS 'ONE OF GREAT MYSTERIES OF THE RANGE' - CANADA

Rustlers are still pilfering cattle, often with the help of modern tech. To quote a CBC article in the Cochrane Eagle, "For as long as there have been cattle, people have been stealing them." In my view, it may be the 2nd-oldest profession in the world. While brand inspectors check auction markets in B.C., Alberta & Saskatchewan, no such system exists in Manitoba or Ontario. The lack of brand inspection in the east, good highways & slick transport trailers make it easier to move & sell pilfered livestock in neighboring areas. Add to this the ability to butcher & sell beef in a network of small abattoirs, plus the loosely controlled practice of on-farm slaughter, & those inclined to rustle or buy black-market cattle keep their deep freezers full of stolen beef. Rustling cattle used to be a "hanging offense," at least in the eyes of locals. Although the connection between the legal definition of rustling & hanging never really existed, many "rustlers" met their end with vigilantes, & a rope on makeshift gallows.

The lack of unsuccessful prosecutions perpetuates a crime that totals millions across Canada & the U.S. Will Rogers described the kind of people involved in rustling: "There are 3 kinds of men. The ones that learn by readin'. The few who learn by observation. The rest of them have to pee on the electric fence for themselves." But crime is a game of sophistication, cattle rustling not excluded. Many cases of rustling involve "inside" jobs (employees, friends) who know details of an operation, things such as land location, & when owners will be away, while possessing tools to get the job done quickly. A couple of things make cattle rustling easier. GPS systems & recreational vehicles are common. Radio-controlled drones help locate cattle on range & monitor traffic. Cattle rustlers are making off with entire herds of live animals & in many cases, getting away with it. A producer, lost 85 cattle last fall, including 2 bulls, 4 cows & 79 calves. According to Meston, the loss totalled \$175,000 worth of cattle. None of the cattle were recovered. In another incident 9 years ago, he had 21 cattle taken. In 2018, rustlers made off with 100 calves belonging to a neighbour. The cases remain unsolved. "In the middle of the night, they're gone," said brand inspector Butch Harris, who's been working to protect farmers, ranchers & auction houses from theft and fraud for 41 years. Harris urges cattle owners to ensure animals are branded to help recover stolen livestock.

## IN THEIR OWN WORDS: ANIMAL ACTIVISTS SPEAK OUT AT 2023 CONFERENCES

The Animal Agriculture Alliance works diligently to safeguard the future of animal agriculture and its value to society by monitoring the activity of animal rights extremists. Several of these extremist groups convened this past year for their annual conferences, discussing new tactics and strategies they plan to use against animal agriculture to rally around their missions of “total animal liberation.” While animal rights supporters make up an incredibly small percentage of our population, they are loud and aggressive and can mislead consumers about the animal agriculture community’s commitment to animal welfare, sustainability and other key topics.

So far this year, three conferences have been hosted – Direct Action Everywhere’s (DXE) Animal Liberation Conference (ALC), Humane Society of the United States’ (HSUS) Taking Action for Animals (TAFE) conference, and the Animal and Vegan Advocacy (AVA) Summit. Key topics at these events included sustainability, public health, legislation and animal welfare. It can be hard to hear comments coming from those opposed to animal agriculture, but it is important to monitor their activity and stay vigilant in whatever tactics may be coming next. The 2023 DXE ALC was held in Berkeley, Calif., on June 9-14 and largely focused on DXE’s “Right to Rescue” campaign and recent thefts of animals from farms, however other sessions focused on strategy, specifically how to build a pressure campaign and how to align with fellow extremists. Here are a few quotes shared by speakers:

- “When we acknowledge that animals are individuals who deserve compassion, justice, and rescue, we inherently negate the idea that they are just objects to be bought and used, sold, and killed. These two perspectives, property and persons are intentioned with each other and with this campaign, we can bring this tension to the surface.”
- “Rescue is our moral duty to stand in solidarity with those who are oppressed.”
- “We are turning the criminal justice system on its head.”
- “Press can get charges dropped for activists and give you insider information.”
- “Taking your target, whether that is a company or an industry or a sector, figuring out what the Achilles heels are of those sectors of those industries, of those corporations, and putting pressure on those weight points to shift them to get them to do what you want or get them to just stop doing whatever they are doing.”
- “Goals might be something like stopping a slaughterhouse from being built, getting a company to drop fur, getting an animal relocated to a sanctuary from a zoo, and the corresponding visions to these goals are a world without slaughterhouses, a world where animals are not exploited for fur, and a world where zoos have been shut down.”
- “We must abolish animal ag to prevent the next pandemic.”

The Animal and Vegan Advocacy (AVA) Summit took place in Los Angeles, Calif., on July 27-30. This event was launched by ProVeg International and was billed as an opportunity to “explore and learn the latest knowledge, diversity of thought, and tools to effectively increase your individual and collective impact on systemic food system change.” The following key messages were shared by speakers:

- “One of the key strengths is mass protests because they can really create the conditions for transformation across the whole ecology, and really push the issue out into the public spotlight.”
- “There are also scientists that are using AI to decode animal language so that one day maybe they can advocate for themselves.”
- “We want to find any evidence that leads to more opposition to animal farming as a whole.”
- “This is a normalized atrocity in our in our food system. They [chickens] are kept in windowless houses, trapped in cages and crates raised their babies are taken away.”
- “When it comes to this cutthroat billion-dollar companies [Tyson, Smithfield, etc.], those are the entities that deserve no mercy. And if you want to ring the alarm on them, ring it.”
- “The court’s decision, it’s, you know, it not only upheld proposition 12 and laws like it like Josh pointed out, but it essentially gave a judicial green light so that we can keep working in the legislatures to free animals from suffering and extreme confinement.”
- At the HSUS TAFE Conference, held August 5-6 in Springfield, Ill., animal rights extremists came together to discuss lobbying and current political efforts in the animal rights space, specifically concerning the fur community. The conference focused on advocacy and the importance of building relationships with lawmakers. Here are a few quotes shared by speakers:
- “You might be surprised, but the time is going to come when you’re going to need to get everybody together to get that point for the animals.”
- “State by state, scorecards have been rolling out on a state-by-state basis, which literally hold legislators accountable for the votes they take or don’t take for animal welfare.”
- “We really had to focus on public safety, threats of danger to people, and elderly when we’re talking about people who are abusing animals.”
- “Smaller cities and towns or local lawmakers are probably not going to have staff. We can get into bigger, midsize cities, larger cities as well as your state legislatures they will often have staff and it’s really important to not undervalue the staff. Staff are there to support the lawmaker, but their job is to also go deep and to really kind of understand these issues and to help the lawmaker understand the issues and why they are important and might be important to the community. So, meeting with a staff person is a really great opportunity to pull someone else onto the team. They can be an internal advocate.”
- As members of the animal agriculture community, these quotes can be frustrating to hear. I want to remind everyone of their responsibility to speak up and be an informed voice for animal agriculture and sharing our story.

## WASHINGTON MAN SENTENCED TO PRISON FOR KILLING PIGS AT FFA BARN

Lyden Blackburn, 27, was sentenced this week in Asotin County Superior Court by Judge Brooke Burns to three years in prison for killing a sow and two piglets at the Clarkston FFA barn in Clarkston, Wash. Blackburn was arrested on July 1 and pleaded guilty to malicious killing of livestock, second-degree animal cruelty, first-degree burglary and two counts of second-degree theft of livestock. Blackburn was accused of stealing a roommate’s rifle, walking to the high school’s barn and killing the pigs in the early morning hours of May 16. According to the [Lewiston Tribune](#), the standard sentencing range on the Class A felony of first-degree burglary was between 31 and 41 months in prison, based on crimes charged and criminal history. Blackburn was ordered to pay \$16,380 in restitution to the Clarkston FFA program, the Lewiston Tribune reports. He was also ordered to pay a \$500 fine. Security cameras caught an unknown man at the time of the incident at the Clarkston High School FFA barn, shirtless and armed with a gun and two dead piglets slung over his shoulder. Court documents show Blackburn told police that he did not remember the incident because he was intoxicated. Videos circulated on social media, prompting an outcry from the community, local news reports. The sow was purchased as a breeding animal at the Asotin County Fair back in April, school officials said.

## THE DEPARTMENT OF AG, WEIGHTS & MEASURES IS PLEASED TO SHARE THAT THE COUNTY OF SAN DIEGO'S 2022 CROP STATISTICS & ANNUAL REPORT IS PUBLISHED!

The [Crop Report](#) is published annually to provide info on San Diego’s crops, such as harvested acreage, average prices, and yield in the previous calendar year. The report also highlights AWM programs and services that protect our food supply, economic resilience, and environmental sustainability. The Crop Report is a State-mandated report that guides policymakers on agriculture and determines the county’s ag production ranking in the State: San Diego county ranks #1 in Nursery & Cut Flower products in CA and #1 in the number of organic producers in the state.

This [2022 Crop Report](#) is the first one that features an interactive version on AWM’s website for better info access. This will allow users to engage with the Report in new ways, including with an integrated Google Translate tool for reading the Report in multiple languages — a feature that will be operational in the coming weeks. This Report also features a spotlight article on how AWM regulates pesticides in the region to protect the community, local food supply, and environment. Other highlights include:

- San Diego’s overall ag value in 2022 was \$1.78 billion, an increase of \$24 million or 1.4% from 2021, suggesting recovery from the previous Report’s decrease, and making it the seventh year in the last 10 years that our region has seen an increase. San Diego county is ranked as the 13th largest agricultural economy in California.
  - The crown jewel of San Diego county, Avocados had a good year in 2022 with an increase in value of \$40 million or 48%, the highest value increase of any crop from 2021 to 2022. Avocado values in San Diego county rank #2 in CA.
  - Honey & Bees Wax saw the greatest % change in value from 2021 to 2022, with an increase of \$572,272 or 724% to a total value of \$651,295 likely because of increased honey production driven by more rainfall in 2022.
  - This Report also noted some declines such as the overall value of Nursery & Cut Flower Products decreasing by nearly \$94 million or 7% — although with a total of \$1.22 billion, these products still accounted for nearly 70% of the region’s total ag value.
- <https://awmsdcroreport.com>



## CATTLE MARKET VOLATILITY INCREASE RISK FOR FARMERS, LEADS TO RECORD BEEF PRICES

Between Oct. 18 and Oct. 23, six days after a bearish Cattle on Feed report, the January Feeder Cattle (Figure 1) contract fell 6.5%, from \$252.86/cwt to \$236.41/cwt, while December live cattle fell 4.4%, from \$187.24/cwt to \$178.92/cwt. In response to the dramatic drop in futures, this week packers have been buying cattle, which has kept cash prices strong. Cash prices for fed cattle were near \$184/cwt in northern states such as Iowa and near \$180/cwt in the southern Plains (Figure 2). Higher prices are providing opportunities for profitability in 2023, and tightening supplies should continue to keep cash prices strong through 2024 and 2025. But as the saying goes, "there's no such thing as a free lunch." Higher prices have come with higher inputs costs (Figure 3) and extreme market volatility that aren't going away anytime soon. Volatility can be a good thing when it leads to higher prices in the short run, but too much can expose cattle producers to a higher level of risk. This Market Intel will examine the factors contributing to volatility in the cattle markets and its impacts on cattle farmers and consumers.

### Cattle on Feed, Demand and The Cattle Cycle

USDA released a bearish monthly Cattle on Feed report on Oct. 20, 2023, showing that cattle on feed (cattle being fed a ration and expected to be marketed for slaughter) on Oct. 1 totaled 11.58 million head. This is 1% higher than October 2022 and is the second-highest October Cattle on Feed total since the survey began in 1996 (Figure 4). Placements of cattle on feed in September were 2.21 million head, 6% greater than September 2022. Cattle marketed during the month of September were 1.66 million, 11% below 2022 and the survey's second lowest ever (Figure 5). The bearish news for cattle producers was higher total cattle on feed. This led to liquidation in the futures market. Higher calf and feeder prices are incentivizing placement of cattle into feedlots, making more cattle available for the market in the short run. In the long run, the increase in cattle on feed means there are more cattle that are moving into the supply chain and thus removed from future inventory, as the cattle cycle continues its contraction phase. The cattle cycle refers to expansion and contraction in cattle inventory in response to farmer-perceived profitability. Each cycle typically lasts about 10 years. The current cattle cycle has been in a longer phase of contraction, driven by high input costs, drought and difficult profitability since 2018 – none of which is going away anytime soon. Heifers on feed on Oct 1 totaled 4.6 million head, 1.3% greater than last October. The percentage of heifers being marketed is high and has held steady at near 40% of all cattle marketed. A high percentage of heifers going to market means fewer females available to rebuild the herd, and leaves the potential for a smaller calf crop in 2024. Replacement heifers (heifers held back for calf production) can be thought of as the planting intentions of the cattle business. Fewer heifers and cows available to produce calves indicate that the cattle inventory will continue to shrink, just as lower planting intentions for corn would indicate a smaller corn crop for the upcoming year. To expand again, female cattle will need to be retained for breeding rather than being placed on feed. When this happens, it will remove more cattle from the inventory available for beef production. This could easily drive beef prices to record highs in 2024 and 2025. The question is whether the U.S. economy, still facing the potential for a Federal Reserve-driven recession from interest rate hikes, can continue to support rising beef prices. If consumer spending begins to shift away from beef and toward less expensive substitutes such as chicken or pork, demand for beef will fall, putting downward pressure on cattle prices and making profitability challenging for farmers.

### Drought

Drought is another major risk factor, driving up production costs and limiting access to grass, hay and other feedstocks. The top 10 cattle-producing states in the country are home to 57% of all beef cattle in the United States, with the top five states (Texas, Oklahoma, Missouri, Nebraska and South Dakota) containing nearly 40% of all U.S. beef cattle. All of the top five states have experienced severe drought in 2022 and 2023, with several of the top 10 experiencing the same (Figure 6). Rather than facing the prospect of damaged pastures and high input costs, many cattle farmers have continued to liquidate cattle, which will continue to hold the cattle industry in the contraction phase of the cattle cycle.

### Summary and Conclusions

Cattle prices are up in 2023, but high market volatility and drought continue to push cattle farmers toward herd liquidation. Many American cattle farmers are at a crossroads and will have to decide whether to continue, downsize or to get out altogether. If the decision is to continue, they will face obstacles like market volatility, high input costs, potential economic recession and drought. Newcomers wanting to get started will face barriers to entry, requiring substantial working capital, in addition to the obstacles discussed in this article. Beef prices will approach record levels in 2024 and 2025. What happens to prices after that will largely depend on cattle farmers' decisions to expand. Expansion in cattle inventory will need to happen before beef prices can come back down for consumers. The cattle business will need to provide profitable incentives to cattle farmers in order for it to make sense for them to grow the cattle herd again.

## CattleFax October 27, 2023

**Fed Cattle – The North saw moderate at best trade volumes with the bulk of live trade at \$183 to \$185 live, with some up to \$186 late, and dressed trade at \$290. This is \$2.50 softer live and \$4 lower dressed compared to last week. Moderate trade in the South at \$185 live, which is steady with last week.**

**Boxed Beef – The cutout moved higher with Choice increasing \$2.73/cwt and Select adding \$2.21/cwt. Prices are expected to continue to increase the next few weeks as holiday demand for middle meats increases in the face of adequate supplies.**

**Feeder Cattle – Traded mainly \$2 to \$9 lower.**

**Calves – Traded mostly \$4 to \$11 softer.**

**Market Cows – Traded mainly steady to \$4 lower.**

**Corn – Trended downward, finishing 15 cents lower on the active December contract.**

## NEVADA RANCHERS SUE BLM OVER WILD HORSES

The federal government has not lived up to its promises regarding wild horse control in Nevada, according to a lawsuit filed by two ranches. Colvin & Son LLC and Stone Cabin Ranch LLC filed suit against the Bureau of Land Management, along with its parent agency, the U.S. Department of the Interior, on Oct. 17 in U.S. District Court in Nevada. The dispute is over the wild horse overpopulation in a 540,000-acre stretch of land within an area that the government calls the Stone Cabin Complex. That's also where the ranchers graze cattle.

The ranchers argue that despite the BLM determining the Stone Cabin Complex needs better management to control the wild horse population, the government has yet to act. That inaction, the ranchers claim, violates the federal Wild and Free Roaming Horses & Burros Act, which has guided the management of those feral animals for 50 years.

The BLM estimates that the land in question can support 242-404 horses, according to an April environmental assessment of the land complex. It had more than 900 mustangs on the land as of last fall, the assessment estimated – leading the BLM to conclude that horses needed to be removed. But the assessment conditioned the removals on off-range corral space availability and "funding limitations and competing national priorities." The ranchers said this was not allowed under the Wild and Free-Roaming Horses & Burros Act, which says that excess animals must be removed immediately. The ranchers sued after the Department of the Interior rejected their appeal challenging the proposed roundup's deferral.

The "lack of implementation" of the roundup decision violates the Wild and Free-Roaming Horses & Burros Act, "causing harm to the plaintiffs, to the public lands within the (Stone Cabin Complex), to wildlife species and their habitats, and to the wild horses themselves," the lawsuit states.

The last roundup in the Stone Cabin Complex area took place in 2021, when the agency collected 314 mustangs by baiting them into a trap with water. The BLM said the 2021 roundup was to reduce the risk of starvation and dehydration.

## NEW PRICE-FIXING SUIT AIMED AT BIG 4 BEEF PACKERS

America's Big 4 packing companies are the target of new price-fixing allegations from a group of small food distributors. Those distributors filed suit Oct. 9 in the U.S. District Court for the Northern District of Illinois, accusing the packers fixed prices for years. The plaintiffs allege that beginning at least by January 1, 2015, Cargill, JBS USA, Tyson Foods, and National Beef Packing Co., "exploited their market power in this highly concentrated market by conspiring to limit the supply of beef sold to purchasers in the U.S. wholesale market, including Plaintiffs, which resulted in higher prices paid by Plaintiffs."

The distributors said the alleged scheme caused financial harm at least through the end of 2021. "As a result, Plaintiffs paid higher prices for beef than they otherwise would have paid in a competitive market," states the lawsuit, seeking relief under the Sherman Antitrust Act. Allegations by the four small distributors are similar to other suits filed against the Big 4 that have led to settlements in the tens of millions of dollars and led to scrutiny by the Department of Justice and Congress.

The lawsuit cites beef plant production data and price fluctuations, as well as testimony from two inside witnesses with knowledge of company agreements to help each other manage output. The distributors are seeking a jury trial for unspecified damages and a permanent injunction.

In August, antitrust claims against the Big 4 by a group of ranchers was dismissed. A federal judge in Minnesota dismissed the claims filed by a putative class of cattle ranchers in a long-running case that alleged an industry-wide scheme to fix prices.