



# Beef Business

► A look at current issues affecting the cattle industry. Compiled by **Shelby Mettlen**, assistant editor

## U.S. cattle on feed up from last year

Cattle and calves on feed for the slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 11 million head May 1. The inventory was 2% above May 1, 2016.

Placements in feedlots during April totaled 1.85 million head, 11% above 2016. Net placements were 1.78 million head. During April, placements of cattle and calves weighing less than 600 pounds (lb.) were 348,000 head; 600-699 lb. were 255,000 head; 700-799 lb. were 490,000 head; 800-899 lb. were 495,000 head; 900-999 lb. were 190,000 head; and 1,000 lb. and greater were 70,000 head.

Marketings of fed cattle during April totaled 1.70 million head, 3% above 2016. Other disappearance totaled 66,000 head during April, 13% below 2016.

Source: *USDA National Agricultural Statistics Service.*

## Record-low veal and lamb production for April

Commercial red meat production for the United States totaled 3.97 billion lb. in April, down slightly from the 3.98 billion lb. produced in April 2016.

Beef production, at 1.96 billion lb., was slightly below the previous year. Cattle slaughter totaled 2.46 million head, up 2%

from April 2016. The average live weight was down 23 lb. from the previous year, at 1,325 lb.

Veal production totaled 5.8 million lb., 3% below April a year ago.

Calf slaughter totaled 39,000 head, up 12% from April 2016. The average live weight was down 36 lb. from last year, at 257 lb.

Pork production totaled 1.99 billion lb., down 1% from the previous year. Hog slaughter totaled 9.34 million head, down slightly from April 2016.

The average live weight was unchanged from the previous year, at 285 lb.

Lamb and mutton production, at 11.5 million lb., was down 10% from April 2016. Sheep slaughter totaled 179,500 head, 5% below last year.

The average live weight was 128 lb., down 7 lb. from April a year ago.

January to April 2017 commercial red meat production was 16.7 billion lb., up 3% from 2016. Accumulated beef production was up 5% from last year, veal was down 4%, pork was up 2% from last year, and lamb and mutton production was down 4%.

Source: *USDA NASS.*

## USDA seeks applications for grants to support rural community facilities

On May 24, Agriculture Secretary Sonny Perdue announced that USDA is seeking

applications for technical assistance and training grants in the Community Facilities program.

“Too often, rural community organizations lack the technical expertise they need to access federal dollars,” Perdue said. “These technical assistance and training grants will help rural organizations overcome hurdles that prevent them from fully utilizing the Community Facilities Program. Increased access to federal funding will help build essential community facilities, and will allow rural areas to thrive.”

The grants are being provided through the Community Facilities Technical Assistance and Training Grant Program. Congress authorized this new program in the *2014 Farm Bill* to help rural communities develop their applications for Community Facilities loans and grants.

Communities can use the grants to hire specialized personnel, pay for feasibility studies, retain consultants to prepare financial assistance applications, and identify and plan for long-term community facilities needs.

Providing technical assistance will help more rural communities qualify for loans and grants. Many often lack access to specialized personnel who complete financial and environmental analyses, for example.

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## Family beef producers deserve better from NAFTA

On the heels of an announcement that the Trump administration intends to renegotiate the North American Free Trade Agreement (NAFTA), National Farmers Union (NFU) is urging the administration to amend the agreement to work in the interest of independent beef producers.

In a letter to President Donald Trump, NFU President Roger Johnson contends that NAFTA has been a boon to multinational meatpacking companies to the detriment of small and mid-sized beef producers. Since its implementation, the agreement has led to increased consolidation in the beef industry and loss of U.S. sovereignty to the interests of foreign governments and corporations.

While NAFTA has driven an increase in overall beef exports, it has also increased the U.S. beef trade deficit with both Canada and Mexico. From 1993 to 2015, the total U.S. beef trade deficit with its NAFTA trading partners increased by 131%, from almost \$1.2 billion to over \$2.7 billion.

“The free-trade agenda has not worked in the best interests of the U.S. beef producer and has had wide-reaching impacts on all sectors of our economy,” noted Johnson. “Multinational meatpackers and their lobbying groups frequently tout increases in exports, but they fail to factor increases in imports, and the impact

that a massive trade deficit has on American independent producers and American industries.”

Johnson noted that just four beef packers now control 85% of the beef market, up from 69% in 1990. These multinational corporations take advantage of rules in NAFTA that allow companies to operate across borders.

“NAFTA provisions essentially encourage companies to shop for the cheapest production costs,” he said. “Because of this, companies often raise cattle in Mexico and Canada and then bring the cattle back to the U.S. for slaughter and sale.”

NAFTA has also contributed to a steep decline in the number of beef cattle operations in the United States. Between 1992 and 2012, the number of farms raising cattle and calves fell from 1,074,349 to 913,246, a decrease of almost 15%. At the same time, the number of the largest ranches — those with 5,000 or more head — increased 60%, from 704 to 1,124. The largest operations’ share of the total cattle population increased from 10.4% to 17.9%.

“As you renegotiate NAFTA, we urge you to act in the best interest of American farmers, ranchers and consumers and restore the United States’ sovereignty over farm and food policy. I look forward to working with your administration to reset the nation’s failed trade agenda,” Johnson concluded.

Source: *NFU.*

These analyses often must be included in applications for USDA loans and grants.

Public bodies, nonprofit organizations and federally recognized tribes are eligible to apply for this funding. The maximum grant is \$150,000.

Interested applicants may find more information about this program on page 23,525 of the May 23, 2017, *Federal Register*.

Community Facilities programs help underserved rural communities develop essential community services, which in turn

helps attract investments, create and retain jobs and businesses, and retain residents.

*Source: USDA.*

### **Rancher calls on Congress to address 'sue and settle' abuse**

If family ranching operations and rural economies are going to survive another generation, Congress must address the problem of so-called "sue and settle" abuse. That's the message that Darcy Helmick, land manager for Simplot Land & Livestock,

stressed to Congress in subcommittee testimony in May.

Helmick testified before the House Committee on Oversight and Government Reform, Subcommittee on Intergovernmental Affairs, and Subcommittee on the Interior, Energy and Environment during its hearing to examine how environmental advocacy groups and federal agencies regulate through consent decrees using citizen lawsuit provisions in environmental laws, which is known as "sue and settle."

“In my extensive experience dealing with the federal grazing system and western land use in general, offensive litigation tactics by outside activist groups have served to totally derail business operations,” said Helmick. “While it is critical that we maintain the right of citizens to litigate when necessary, reform is needed to prevent that right from being abused or exploited.”

It is critical that permitted public lands users have a role in any settlement agreements, and that federal employees at a

local level have input, Helmick said. She added that while unreasonable timelines have become the norm, once imposed during settlements, they are rarely reached.

“The repercussions of the missed timelines heavily impact the permitted public lands users and result in a level of uncertainty that is prohibitive in any business environment. Unfortunately, this is often the goal of these litigants,” said Helmick.

Helmick concluded her testimony by explaining how the sue-and-settle tactics used

by radical environmental groups also serve to limit young producers from entering the industry, which will inevitably lead to further erosion of the footprint of ranching in the West.

“As a fourth-generation cattle producer, it is in my blood to continue with my family business,” said Helmick. “As my parents age and need more help, my brother and I are working with financial advisors on how to transition the business. How does one budget

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for litigation? How does one calculate the expense of the stress and time used to work through litigation?” she asked.

*Source: National Cattlemen’s Beef Association.*

**Ag Secretary defends president’s decision to end ties with Paris accord**

“President Trump promised that he would put America first and he has rightly determined that the Paris accord was not in the best interests of the United States,” said

Agriculture Secretary Sonny Perdue in a statement for USDA. “In addition to costing our economy trillions of dollars and millions of jobs, the accord also represented a willful and voluntary ceding of our national sovereignty. The agreement would have had negligible impact on world temperatures, especially since other countries and major world economies were not being held to the same stringent standards as the United States.

“The Earth’s climate has been changing since the planet was formed — on this there

is no disagreement. At USDA, we rely on sound science and we remain firmly committed to digging ever deeper into research to develop better methods of agricultural production in that changing climate. Floods, droughts and natural disasters are a fact of life for farmers, ranchers and foresters. They have persevered in the past, and they will adapt in the future — with the assistance of the scientists and experts at USDA. To be effective, our research and programs need to be focused on finding

solutions and providing state-of-the-art technologies to improve management decisions on farm and on forest lands.”

*Source: USDA.*

### **Terry Branstad confirmed as ambassador to China**

Craig Uden, president of the National Cattlemen’s Beef Association (NCBA), recently released a statement in response to the U.S. Senate’s confirmation of Iowa Governor Terry Branstad to be the U.S. Ambassador to China.

“As the six-term governor of a state with

more than \$10 billion in annual agricultural exports, Terry Branstad is an ideal person to help facilitate the U.S. beef industry’s return to the Chinese market for the first time in 13-plus years,” Uden said. “Ambassador Branstad has said that he intends to serve American-produced beef at the U.S. embassy in Beijing, and America’s cattle producers look forward to working with him to make that a reality as soon as possible.”

Mike Cline, president of the Iowa Cattlemen’s Association, added, “Ambassador Branstad has been a great friend to Iowa cattlemen and the agriculture industry as

governor of Iowa. He has shown a great commitment to the growth of beef and other agricultural exports, and we look forward to the work he will do on behalf of all Americans in his new capacity as Ambassador to China.”

*Source: NCBA.*



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