



Beef Business

► A look at current events affecting the cattle industry

BSE found in Canadian cow

All beef imports from Canada have been banned after a cow was discovered to have bovine spongiform encephalopathy (BSE). The 6-year-old cow was found in Alberta, but it originally came from an operation in western Saskatchewan, according to the Canadian Press.

The question facing U.S. officials in late May was when the ban on beef imports would be lifted. As of press time, that ban was still in place. "The Canadian officials working on the investigation told us today (May 22) that they are tracing back and depopulating the quarantined herd quickly," said Patrick Boyle, president of the American Meat Institute (AMI).

Other countries banning imports of Canadian beef and cattle are Japan, South Korea, Australia, New Zealand, Hong Kong, Mexico and Taiwan.

This is the first case of BSE reported in

Canada in more than a decade. The first case was found in 1993 in a cow imported from Britain. To read more on this issue, go to page 34.

Eating beef still safe

Health officials in the United States are stressing that consumers face little health risk from eating beef despite the discovery of BSE in one cow in Canada. Human consumption of contaminated beef can lead to new variant Creutzfeldt-Jakob disease (nvCJD).

"We remain confident in our beef and cattle industry, and we will support both [inspection agents] and our cattle industry in eliminating this disease from Canada," said Shirley McClellan, Minister of Agriculture, Food and Rural Development, in an interview with *Health Scout News*.

The United States has several firewalls in place to protect the food chain, including a

ban on feeding cattle products that contain cattle, sheep, goats and deer, as well as preventing livestock imports from countries where BSE has been found.

Beef vs. chicken in new ads

A new beef ad campaign, sponsored by the beef checkoff and launched by the National Cattlemen's Beef Association (NCBA), compares lean beef to chicken and is ruffling feathers in the poultry industry. The series of ads compares the nutritional benefits of lean beef to skinless chicken breasts.

A series of four ads will appear in 23 consumer-interest magazines from July through September, according to an article from the DTN NewsWire.

The ads feature full-page photos of beef with headlines stating, "Lean beef's actually lower in fat than you think. Makes you wonder about eating all that skinless chicken, doesn't it?"

The National Chicken Council (NCC) responded that the new beef ads prove an important point — that in terms of total fat and saturated fat, skinless chicken is superior to almost any cut of beef. On average, consumers eat 82 pounds (lb.) of chicken per year, compared to 65 lb. of beef.



WASHINGTON WATCH

Grassley urges decision on WTO case

Sen. Chuck Grassley (R-Iowa), chairman of the Committee on Finance, met with several top officials to discuss the need to move forward with a case at the World Trade Organization (WTO) against the European Union's (EU) biotech moratorium, according to an article by www.agweb.com.

"I've been beating this drum for a long time, and my message is clear," Grassley said. "Iowa's farmers are being hurt by the European Union's biotech policies, and this situation is unacceptable. As long as the United States refuses to enforce its WTO rights, American farmers will continue to suffer."

USDA provides money to help with drought

Agriculture Secretary Ann Veneman announced that 17 states will receive \$53 million to help farmers and ranchers implement technologies and practices to conserve water and mitigate the long-term impacts of drought.

This money is available from the U.S. Department of Agriculture's (USDA's) Natural Resources Conservation Service (NRCS) through the Ground and Surface Water Conservation (GSWC) provision of the Environmental Quality Incentives Program (EQIP).

The following states will receive GSWC assistance: Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington and Wyoming.

Tax relief package passed

With a vote of 51-50, the Senate narrowly approved a \$350 billion tax cut package May 15, with Vice President Dick Cheney casting the deciding vote.

The Senate bill was a modification of a bill the House passed in early May. The tax cut is aimed at boosting the economy and helping small businesses, farms and ranches.

Provisions in the Senate bill include: increases in expensing levels for small businesses, alternative minimum tax (AMT), special rules for livestock sold due to weather-related conditions and Medicare payments.

The package was expected to go to conference at the end of May and could secure for President Bush the third-largest tax cut in history.

Canada to limit subsidies to dairy farmers

Canada must conduct major revisions to its subsidy programs for dairy exports after the United States won a World Trade Organization (WTO) case that ruled Canada was continuing to provide illegal subsidies to the dairy industry.

A news release from the U.S. Department of Agriculture (USDA) said that Canada will no longer export subsidized dairy products to the United States and will significantly limit subsidized dairy exports destined for third-world countries.

"Canada's dairy subsidies have hurt U.S. producers, and we are pleased that the WTO process has resulted in a positive solution," said Agriculture Secretary Ann Veneman.

EU Prime beef production to decline

Prime beef production in several European Union (EU) countries, including the United Kingdom (UK), is expected to fall significantly under current EU

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Commission policy proposals, says *The Journal*, a newspaper in the northeast UK.

According to economists from the Meat and Livestock Commission, beef production is expected to decline by 9% by 2009. This would result in EU beef imports doubling over the same time period.

Prime beef supplies are forecast to decline by 20%, and Prime beef imports are expected to increase by 45%.

Protecting essential plant and animal habitats

Veneman announced a new conservation tool to help farmers and ranchers restore and protect wildlife habitat — 15-year agreements for the Wildlife Habitat Incentives Program (WHIP).

As part of the 2002 Farm Bill, WHIP now includes the option of a 15-year agreement, in addition to the standard five- and 10-year agreements, for landowners who voluntarily

limit the use of their land in order to develop upland, wetland, riparian and aquatic habitat areas.

WHIP provides technical and financial assistance to landowners and others to develop these habitat areas. Contact your local Farm Service Agency (FSA) office for more information or visit www.nrcs.usda.gov/programs/farmland/2002/products.html.

Drought eased in several regions

Recent rains have eased the drought in several regions across the United States. In the Midwest, areas in several states received heavy rains. According to the National Oceanic and Atmospheric Administration (NOAA), 27 states were significantly wetter than average and 11 states were significantly drier than average.

Wetter-than-average conditions were prevalent in the mid-Atlantic, Southeast and most Western states. Drier-than-average conditions stretched from Maine to the Upper Midwest and southwest to Texas, according to an article from www.agweb.com.

NDSA offers cost-share assistance

The North Dakota Stockmen's Association (NDSA) will help livestock producers shoulder the cost of \$1 million worth of animal waste projects through its new Stewardship Support Program (SSP). The organization received authorization for a \$600,000 federal Environmental Protection Agency (EPA) grant that will be used to launch the cost-share program.

NDSA members interested in expanding or improving their current animal waste system can contact the NDSA to set up an on-site ranch assessment of their operation to determine whether it meets EPA Confined Animal Feeding Operation (CAFO) rules. If changes are needed, the producer can seek cost-share assistance. NDSA can cost-share up to 60% of the total cost of a producer's project.

Farmland granted a bankruptcy extension

Federal Bankruptcy Court Judge Jerry Venters granted Farmland Industries Inc. a deadline extension until May 31 to provide a plan of insolvency.

It is still unclear how, and in what form, Farmland may survive, according to an article by www.meetingplace.com. The biggest issue is how profitable the beef and pork sections are, because company officials hope to reorganize around those two businesses.

INDUSTRY EVENTS

International Beef Industry Conference

July 11, Calgary, Alta., Canada

The International Stockmen's Educational Foundation (ISEF), in cooperation with the Canadian Cattlemen's Association and the Calgary Stampede, will host a sister meeting to the International Livestock Congress (ILC). The first International Beef Industry Congress will address such issues as the economic future of the beef industry; how the beef industry itself views its future challenges; and the position Canada, the United States and Mexico take in regard to country-of-origin labeling. For more information, contact Julie Kimball at (817) 367-6563 or julie@livestockcongress.com.

Marketing Your Way to Profitability

The National Cattlemen's Beef Association (NCBA) and Chicago Mercantile Exchange (CME) are teaming up with state cattlemen's associations to present a new risk management series called "Marketing Your Way to Profitability." On the first day of the two-day series, the CME staff will instruct participants through the mechanics of futures with hedging and the basics of forward pricing with options. The second session will feature Cattle-Fax analysts leading the group through technical, fundamental and basic analysis in order to develop a marketing plan for their operations. The conference series will be in South Dakota (July 7-8), Kansas (July 14-15), Kentucky (Aug. 5-6), Florida (Aug. 7-8), Texas (Sept. 11-12) and Colorado (Sept. 18-19). For more information on the sessions and to register, contact your participating state cattlemen's association, or contact Renee Lloyd, NCBA, at (303) 850-3373 or rlloyd@beef.org.

Soil and Water Conservation Society Annual Conference

July 26-30, Spokane, Wash.

The Soil and Water Conservation Society (SWCS) Annual Conference will focus on integrated watershed and basin management, water supplies for ecology and economy, grassland health for sustainable production and biological diversity, and air quality for public health and economic vitality. For information, e-mail memberservices@swcs.org.

TAMU Beef Cattle Short Course

Aug. 4-6, College Station, Texas

Country-of-origin labeling will be a featured topic at the 49th Annual Texas A&M University (TAMU) Beef Cattle Short Course at the University Center and Rudder Tower in College Station. The conference also features the "Cattlemen's College," where participants can choose workshops and topics from approximately 15 different areas. Registration costs \$110 per participant and includes educational materials, conference proceedings, trade show admission, meals and breaks. Participants can register online at <http://animalscience-extension.tamu.edu>, or contact Larry Boleman, associate department head—Extension, at (979) 845-6931 for more information.

National Conference for Agribusiness

Nov. 19-20, Purdue University, West Lafayette, Ind.

Survey results from the 2003 Commercial Producer Project will be the topic of this year's National Conference for Agribusiness. Understanding the changing farm businesses of commercial agricultural producers is fundamental to the success of organizations providing products, services and information to them. For more information, visit www.agecon.purdue.edu/cab/programs/nc1.

► BEEF BUSINESS

Farmland has raised \$42.3 million through the sale of their other assets, which is earmarked to pay off some debt.

French company sues EU for trade violations

A senior law official at the EU's highest court has backed the right of a French company to sue the EU for damages because of its failure to implement a WTO ruling against the ban on hormone-treated beef, according to the *Financial Times*.

The recommendation was made in two cases brought by Biret, a French meat trader, after the WTO found in 1998 that the ban violated multilateral trade rules. The EU has refused to lift the ban, which caused the United States to impose sanctions against European exports.

EU threatens 100% tariff on U.S. meat

The EU set an autumn deadline for the United States to end tax breaks for exporters or to face multi-billion dollar trade sanctions. The EU has listed 95 categories in which they can impose duties of up to 100%

on imports from dairy, meat and vegetables to wood, leather and textiles.

Pascal Lamy, EU trade chief, said he was counting on the U.S. administration to make swift progress on the situation by autumn. The EU sanctions could potentially total \$4 billion annually.

The high costs of West Nile

A study led by researchers at Colorado State University (CSU) determined that the effects of West Nile virus (WNV) cost equine owners in Colorado and Nebraska more than \$1.25 million in 2002, according to a news release from CSU. Prevention costs for West Nile vaccinations likely exceeded \$2.75 million for the equine industry last year.

In 2002 Colorado reported 378 and Nebraska reported 1,100 confirmed cases of West Nile in equids, a family of animals that includes horses, ponies, donkeys and mules.

Bison from Yellowstone harvested

Nearly 200 bison at Yellowstone National Park were rounded up and hauled to slaughterhouses in May. The bison at

Yellowstone are allowed to roam free as long as they don't wander over the park boundary into Montana.

If they do cross the boundary they can be driven back into the park and taken to be harvested. This is a preventive measure to keep them from spreading brucellosis (or Bang's disease) to livestock.

After a 60-year battle with brucellosis, all but two states, Texas and Missouri, have been declared free of the disease. The buffalo and elk in Yellowstone are known carriers.

Tyson changes IBP name

Tyson Foods Inc. is changing the name of IBP inc. to Tyson Fresh Meats Inc. Representatives from Tyson say the name change will more accurately reflect the new fresh meats company. It will also simplify business activities.

"While Fresh Meats is a separate operating entity, it is an integral part of the Tyson Foods family. In fact, two case-ready meat plants are already producing some products under the Tyson brand," said Dick Bond, Tyson Foods president and COO.

