



# Beef Business

► A look at current events affecting the cattle industry

## S. Koreans protest U.S. beef; processors to label products by cattle age

Approximately 3,000 people showed up in late May in Seoul, South Korea, to protest the country's April agreement to relax U.S. beef import restrictions, a prerequisite put forth by U.S. legislators for a free-trade deal between the two countries.

According to the British Broadcasting Corp. (BBC), vigils and rallies have taken place nearly every day since the agreement was announced. South Korean President Lee Myung-bak issued a public apology for underestimating the public's fervor; however, Myung-bak initially told reporters plans to import U.S. beef would continue. South Korean officials have said they will revoke imports if another case of bovine spongiform encephalopathy (BSE) is identified in the United States.

Since the agreement, BBC reports Myung-bak's approval ratings dropped dramatically among protestors, who were shown wearing medical masks and burning life-size cow figures at [http://news.bbc.co.uk/2/hi/in\\_pictures/7421176.stm](http://news.bbc.co.uk/2/hi/in_pictures/7421176.stm).

Myung-bak's administration has now backedpedaled on the agreement to import U.S.

beef from cattle of all ages, minus specified risk materials (SRMs). Instead, the government is seeking to ban imports of U.S. beef from cattle older than 30 months of age.

South Korea has twice delayed what was slated to be the resumption of U.S. beef imports.

Meanwhile, in a joint news release, Smithfield Beef Group, Tyson Foods Inc., Cargill Meat Solutions, JBS-Swift & Co., and National Beef Packing Co. said they would place special labels on exported products that would indicate whether the cattle they harvested were younger or older than 30 months. The labels will be used for up to 120 days.

"With this label the customers can be assured they can choose, and purchase, the product they want," the companies said.

## National Beef to reduce output

National Beef Packing Co. announced plans in late May to reduce the cattle harvest at three plants due to rising costs, according to *Bloomberg News*.

Operations at plants in Liberal and Dodge City, Kan., and Brawley, Calif., were to be reduced to five days a week from six, cutting the harvest weekly rate by 15,000 head of

cattle, Kansas City, Mo.-based National Beef said. The company's daily capacity was 13,900 head in 2007, based on estimates by industry magazine *Cattle Buyers Weekly*.

## Record ag exports forecast for 2008

U.S. Agriculture Secretary Ed Schafer May 30 announced an updated quarterly forecast for U.S. agricultural exports — expected to reach a record \$108.5 billion for fiscal year (FY) 2008. The upward revision is a \$7.5 billion increase from February's previous record forecast and \$26.5 billion above the final 2007 exports.

Grains and animal products account for two-thirds of the export gains.

"America's increased export volume in bulk commodities like corn, other animal feeds and soybeans make agriculture the bright spot in the overall balance of trade," Schafer said. "U.S. producers are on track to export a record 63 million tons of corn and set new export volume and value records for pork. Export volumes and values are also up for many horticultural products, with sales growth to Canada and the European Union (EU) being exceptionally strong."

Asia continues to be an important growth market for U.S. agricultural commodities. U.S. exports to China are forecast to reach a record \$10.5 billion, up almost \$3.4 billion from 2007 levels. Canada and Mexico remain the United States' top two markets worldwide, with exports forecast to reach \$30.5 billion in 2008 — some \$5 billion above 2007.

The summary and full report of USDA's "Outlook for U.S. Agricultural Trade" may be accessed from the Economic Research Service (ERS) web site at [www.ers.usda.gov](http://www.ers.usda.gov) or the Foreign Agricultural Service (FAS) web site at [www.fas.usda.gov](http://www.fas.usda.gov). The next quarterly report will be issued at the end of August 2008.

## Report notes climate change effect on agriculture

The U.S. Climate Change Science Program (CCSP) released a report May 27 that outlined specific ways in which climate change is affecting agriculture.

The CCSP integrates the federal research efforts of 13 agencies on climate and global change. The report is one of the most

## U.S. cattle on feed down 1%

Cattle and calves on feed for harvest in the United States for feedlots with capacities of 1,000 or more head totaled 11.1 million head May 1, 2008. The inventory was 1% below May 1, 2007, figures and 4% below May 1, 2006, figures.

Placements in feedlots during April totaled 1.54 million, 2% below 2007 figures and 5% below 2006 figures. Net placements were 1.46 million head.

Marketings of fed cattle during April totaled 2.01 million, 11% above 2007 figures, and 13% above 2006 figures. This is the highest fed-cattle marketings for the month of April since the series began in 1996. Other disappearance totaled 75,000 head during April, 24% below 2007 figures and 14% below 2006 figures.

**Table 1: No. of cattle on feed, placements, marketings and other disappearance, 1,000+-head-capacity U.S. feedlots, May 1, 2006-2008**

	No. of head (1,000 head)			2008 as % of	
	2006	2007	2008	2006	2007
On feed April 1 <sup>a</sup>	11,812	11,644	11,684	99	100
Placed on feed during April	1,619	1,568	1,536	95	98
Fed cattle marketed during April	1,785	1,816	2,010	113	111
Other disappearance during April <sup>b</sup>	87	99	75	86	76
On feed May 1	11,559	11,297	11,135	96	99

<sup>a</sup>Cattle and calves on feed are animals for harvest being fed a ration of grain or other concentrates and are expected to produce a carcass that will grade USDA Select or better.

<sup>b</sup>Includes death loss, movement from feedlots to pasture and shipments to other feedlots for further feeding.

Source: National Agricultural Statistics Service.

extensive examinations of climate effects on U.S. ecosystems. The USDA is the lead agency for this report and coordinated its production as part of its commitment to CCSP.

Titled "Synthesis and Assessment Product 4.3 (SAP 4.3): The Effects of Climate Change on Agriculture, Land Resources, Water Resources and Biodiversity in the United States," the report was written by 38 authors from universities, national laboratories, nongovernmental organizations and federal service. It underwent expert peer review by 14 scientists through a Federal Advisory Committee formed by the USDA. The National Center for Atmospheric Research also coordinated in the production of the report. It is posted on the CCSP web site at: [www.climatescience.gov/Library/sap/sap4-3/default.php](http://www.climatescience.gov/Library/sap/sap4-3/default.php).

The report finds that climate change is already affecting U.S. water resources, agriculture, land resources and biodiversity, and will continue to do so. Specific findings include:

- ▶ *Grain and oilseed crops will mature more rapidly, but increasing temperatures will increase the risk of crop failures, particularly if precipitation decreases or becomes more variable.*
- ▶ *Higher temperatures will negatively affect livestock. Warmer winters will reduce mortality but this will be more than offset by greater mortality in hotter summers. Hotter temperatures will also result in reduced productivity of livestock and dairy animals.*

Visit the following web sites for further information:

- ▶ [http://www.usda.gov/oce/global\\_change/](http://www.usda.gov/oce/global_change/)
- ▶ <http://www.climatescience.gov/Library/sap/sap4-3/default.php>
- ▶ <http://www.sap43.ucar.edu/>

### **Mild bird flu identified in Tyson chickens**

Chickens at a Tyson Foods Inc. (TSN) facility in northwest Arkansas tested positive for a mild strain of avian influenza, according to *Dow Jones Newswire*.

The H7N3 strain detected in the birds differs from the highly pathogenic version.

While company spokesmen said the situation poses no risk to human health, the company's shares dropped 7.9% by the following afternoon, and some industry experts were predicting the finding would

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have an effect on chicken exports, *Dow Jones* reported.

The finding comes just one day after the USDA announced it would renew the Avian Influenza Coordinated Agricultural Project (AICAP) with another \$5 million for three years to the University of Maryland-College Park to study the prevention and control of the disease.

### **USDA announces CRP permitted use for livestock feed needs**

Secretary Schafer announced May 27 that USDA has authorized certain acreage enrolled under the Conservation Reserve Program (CRP) to be available for hay and forage after the primary nesting season ends for grass-nesting birds.

More than 24 million acres of land enrolled in CRP will be eligible for this critical feed use program. USDA estimates that this program will make available up to 18 million tons of forage worth \$1.2 billion.

However, eligible land may not be hayed or grazed until after the end of the primary nesting season. Also, some of the eligible land or forage of the land must be reserved for wildlife, and any land that is used under this authority must have a conservation plan. In many instances, the removal of some of the grass cover will increase the diversity of the stand and provide long-term benefits for wildlife.

Further, the most environmentally sensitive land enrolled in CRP will not be eligible. The land will be subject to a site inspection to ensure compliance with the conservation plan. No rental payment reduction will be assessed on contracts being utilized for this critical use. However, a \$75 fee will be charged to process the required contract modification.

Signup for interested CRP participants was to have begun June 2 at local Farm Service Agency (FSA) offices. This modification for critical feed use is only for 2008. All forage use must be completed no later than Nov. 10.

Additional details, including fact sheets, maps and statistics, are available at [www.fsa.usda.gov/conservation](http://www.fsa.usda.gov/conservation).

Schafer's announcement was met with mixed reaction. The National Cattlemen's Beef Association (NCBA) announced its opposition to the USDA's plan, saying it "supports managed haying and grazing of CRP acres during times of a shortage for hay and livestock forage due to drought or other emergency conditions, but only with a corresponding reduction in CRP payments."

Without such a reduction, the organization argued, livestock producers raising or

obtaining their hay and forage from non-CRP land are placed at an unfair disadvantage.

### **King Ranch Institute creates certificate program**

Thanks to a generous gift from Texas AgFinance, the King Ranch Institute for Ranch Management at Texas A&M University-Kingsville will broaden the educational services it offers. With a \$1 million commitment, the institute will initiate the Texas AgFinance Certificate in Advanced Ranch Management aimed at ranchers and landowners who want to expand their skills to keep up with the ever-changing ranching industry.

For more information about the Texas AgFinance Certificate in Advanced Ranch Management, call the King Ranch Institute for Ranch Management at 361-593-5401 or visit their web site at [krirm.tamuk.edu](http://krirm.tamuk.edu).

### **Veterinary scholarships in high demand**

In its inaugural year, the Fort Dodge Animal Health Legacy Scholarship received 158 scholarship applications from students across the country, according to the National Cattlemen's Foundation (NCF).

The new scholarship program was announced at the 2008 Cattle Industry Annual Convention and NCBA Trade Show in Reno, Nev. Made possible by Fort Dodge Animal Health and administered by NCF, five scholarships of \$5,000 each will be awarded at the Cattle Industry Summer Conference, which will be July 15-19 in Denver, Colo. In addition to the scholarship, all five recipients will receive an expense-paid trip to attend the conference.

In the veterinary scholarship award division, 110 scholarship applications from 29 veterinary schools from across the country were submitted. To be eligible for the award, the student must have designated an interest in bovine practice. In the undergraduate division, 48 applications were submitted from 28 colleges or universities from across the country. These applicants are vying for the opportunity to be selected for one of two scholarships that are directed to junior or senior undergraduate students enrolled full-time in animal science programs with an emphasis in bovine production.

### **Resistance can't be diagnosed by fecal egg counts alone**

With recent hype about anthelmintic-resistant parasites, producers are getting offers for free anthelmintic evaluations and

diagnoses from all directions, according to Merial.

"Some animal health companies are offering fecal egg count reduction tests (FECRT) as the gold standard for diagnosing anthelmintic-resistant parasites," says Frank Hurtig, director of Merial Veterinary Services. "FECRTs alone are not accurate indicators of anthelmintic resistance, especially when not conducted by third-party experts."

FECRTs can easily be misinterpreted if collected or analyzed improperly, Hurtig says. Merial recommends that producers have their veterinarian collect fecal samples for them and then work with independent state labs or vet schools for FECRT analysis and additional tests. Hurtig says producers should not rely on commercial labs or a manufacturer's lab. The following are some guidelines that are followed to help achieve the most accurate results:

- ▶ Sample 14 to 20 days following treatment.
- ▶ Sample at least 10% of the herd or 30 animals.
- ▶ Collect a 5-gram sample — being sure to accurately measure the sample weight.
- ▶ Avoid misidentification of false parasite eggs.
- ▶ If strongylid-type eggs are noted, have a coproculture performed to differentiate species present.

"The bottom line is that there are only two well-documented cases of parasite resistance to ivermectin in cattle in the United States," Hurtig says. "It's best for producers to rule out more common causes for lack of efficacy before looking to resistance."

### **Southeast Ranch opens new alfalfa compressing plant in Lincoln, Neb.**

Southeast Ranch, Lincoln, Neb., is opening a new alfalfa hay compressing plant.

Southeast Ranch is a large-scale cattle ranching and hay-exporting operation headquartered near Miami, Fla. According to company President Joel Gutierrez, the 341,000-square-foot (sq. ft.) Lincoln facility was to be operational by the end of May and will provide expanded access to world markets for alfalfa producers in the region. The facility is a former Ace Hardware distribution center. This is the company's second such facility. The other is located in Rapid City, S.D.

Southeast Ranch LLC is currently buying hay through both plants. Growers wanting

more information should go to [www.seranch.com](http://www.seranch.com) or contact the company via phone at 1-877-350-2690; fax, 904-350-2691; or by e-mail at [info@seranch.com](mailto:info@seranch.com).

### Operating committee recommends CBB budget

The Beef Promotion Operating Committee has recommended a \$45.8 million Cattlemen's Beef Board (CBB) budget for fiscal year (FY) 2009, reflecting a sharp 6.6% decrease from the \$49 million budget for FY 2008. The 2009 budget for the Beef Board, which administers the national Checkoff Program, still must be approved by the full Beef Board and the USDA and includes the following budget components:

- ▶ Promotion (\$19.97 million)
- ▶ Research (\$7 million)
- ▶ Consumer information (\$5.4 million)
- ▶ Industry information (\$2.6 million)
- ▶ Foreign marketing (\$5.8 million)
- ▶ Producer communications (\$2.16 million)
- ▶ Evaluation (\$335,000)
- ▶ Program development (\$125,000)
- ▶ USDA oversight (\$255,000)
- ▶ Administration (\$2 million)

In the coming stages of the FY 2009 budgeting process, the full Beef Board will be asked to approve the budget at its meeting in Denver scheduled this month. Joint industry advisory committees and subcommittees also will meet in Denver to prepare recommendations for specific program proposals that are funded with that budget.

## Washington Watch



### Senators hope to revisit renewable fuels mandates

Sen. Kay Bailey Hutchison (R-Texas) and a group of 10 Senate co-sponsors filed legislation May 19 calling for a freeze (at the 2008 level) in the corn-based ethanol mandate that was passed in December 2007. The energy bill requires an annual increase in the amount of ethanol produced domestically — mandating 9 billion gallons (gal.) of grain-based ethanol this year and growing the requirement to 15 billion gal. by 2015, according to NCBA.

NCBA officials say they oppose increasing the Renewable Fuels Standard (RFS) mandate for corn-based ethanol in the 2007 energy legislation, and the organization's

policy supports the objective of the Hutchison bill.

## Industry Events



### 2008 National Junior Angus Show

July 13-19, Des Moines, Iowa

The 2008 National Junior Angus Show (NJAS) is July 13-19 in Des Moines, Iowa. The Iowa Angus and Iowa Junior Angus associations will host "Christmas in July" at the Iowa State Fairgrounds. The weeklong event features the largest single-breed beef cattle show in the world, with more than 1,000 head of cattle exhibited by youth ages 9-21 years old — all members of the National Junior Angus Association (NJAA).

Youth will compete for top prizes in several divisions within the cattle show, including bred-and-owned heifers, bulls and cow-calf pairs; and owned heifers, cow-calf pairs and steers. Youth also have the opportunity to enter steers in a carcass contest.

In addition to the cattle show, numerous educational competitions, a showmanship clinic and mentoring program take place during the week. Six members also will be elected to the NJAA Board of Directors at the annual meeting.

For more information about the 2008 NJAS or junior Angus programs, including overviews of the contests, visit [www.njas.info](http://www.njas.info) or contact the Junior Activities Department at 816-383-5100.

### 2008 LEAD Conference

Aug. 1-4, Billings, Mont.

The annual NJAA Leaders Engaged in Angus Development (LEAD) Conference is set for Aug. 1-4 in Billings, Mont.

All juniors 14 to 21 years old are encouraged to attend this year's conference, themed "Take it to the Top." Juniors will have the opportunity to make new Angus friends, learn about current beef industry issues, and tour agricultural and historical sites in "Big Sky Country." In addition, the NJAA Board will present interactive workshops that explore the beef industry as well as personal development topics. Tour stops will include prominent auction yards, bull studs, ranches and a rafting trip.

Conference space is limited to 200 participants, so reserve your spot soon. Registration, if space is available, is \$200. Registration and release forms are available in the green NJAA information packets that

were mailed to all junior members earlier this year and on the NJAA web site.

For more information about LEAD, visit [www.njaa.info](http://www.njaa.info) or contact the Junior Activities Department at 816-383-5100.

### Beef cattle short course

Aug. 4-6, College Station, Texas

The high price of fertilizer, diesel and other expenditures necessary to produce beef will be the focus of the 54th annual Texas A&M Beef Cattle Short Course Aug. 4-6 at Texas A&M University in College Station.

The Aug. 6 "Cattleman's College" sessions are designed to offer a more hands-on approach to calf working, cattle handling, cattle selection, carcass evaluation and recordkeeping. Participants can receive private applicators license training that day and take a tour of the Texas A&M College of Veterinary Medicine.

In addition to the Cattleman's College sessions, a key general session will be offered Aug. 4.

Participants can earn numerous pesticide continuing education (CE) credits if already licensed. The industry trade show will feature more than 100 agricultural businesses and service exhibits. Registration is \$140 per person and includes educational materials, a copy of the 300-page Beef Cattle Short Course proceedings, trade show admittance, tickets to the prime rib dinner, five additional meals and daily refreshments. Registration information and a tentative schedule are available at <http://beef.tamu.edu> or by calling 979-845-6931.

### Prescribed burn workshop

Aug. 7-9, Sonora, Texas

A prescribed burn workshop is scheduled Aug. 7-9 at the Texas AgriLife Research Station at Sonora. The burn workshop is a prerequisite to the advanced burn workshop, said Ray Hinnant, AgriLife Research senior research associate and instructor.

"Individuals completing both workshops satisfy the educational component for a certified prescribed burn manager," he said.

The August workshop will provide basic information on prescribed burning, which is used to control invasive plants and manipulate habitat for wildlife and livestock on rangeland. The cost is \$395 and covers meals and lodging at the Sonora station.

For more information, call Hinnant at 979-820-1778 or the Sonora station at 325-387-3168, or visit [www.ranchmanagement.org](http://www.ranchmanagement.org).

