



Beef Business

► A look at current events affecting the cattle industry

USDA forecast: Corn acres to drop, soybeans to rise

On the heels of last year's record-high corn production, U.S. farmers intend to plant 8% fewer corn acres in 2008, according to the *Prospective Plantings* report released March 31 by the U.S. Department of Agriculture (USDA) National Agricultural Statistics Service (NASS).

Producers plan to plant 86 million acres of corn this year. While 7.6 million acres less than 2007, this would still be the second-largest area since 1949.

The outlook for corn prices remains strong, thanks to increasing ethanol production and other factors. Still, favorable prices for other crops, along with crop rotation considerations and high corn input costs, are motivating some farmers to switch from corn. Iowa is expected to see the largest decrease in corn acreage, down 1 million acres from last year's record, to 13.2 million acres. Both Indiana and Minnesota are expected to drop 800,000 acres from their record highs of last year.

Nationwide, soybean acreage is expected to jump 18%, to 74.8 million acres. This is an increase of 11.2 million acres from 2007 and is just 1% below 2006's record high. Acreage increases are expected in nearly every state, with the largest growth in Iowa, up 1.25 million acres, and Nebraska, up 1.2 million. Increases of at least 800,000 acres are anticipated in Indiana, Minnesota and South Dakota, while Kansas, New York and Pennsylvania are expected to plant their largest soybean crops in history.

Wheat acreage is also expected to rise in 2008, up 6% to 63.8 million acres. Winter wheat planted area, at 46.8 million acres, is up 4% from last year. Expected acreage of durum wheat is up 22%, to 2.63 million acres.

NASS estimates 2008 cotton plantings at 9.39 million acres, 13% below last year. Upland cotton acreage is expected to total 9.19 million, the lowest level since 1983 and down 13% from last year. The largest acreage declines are expected in Arkansas, Mississippi, Tennessee and Texas.

The *Prospective Plantings* report provides the first official estimate of U.S. farmers' planting intentions for 2008. NASS acreage estimates are based on surveys conducted

during the first two weeks of March from a sample of approximately 86,000 farm operators across the United States.

Prospective Plantings and all NASS reports are available online at www.nass.usda.gov.

Business plan guides NAIS

The USDA Agricultural Marketing Service (AMS) April 3 released a draft Business Plan to further the implementation of the National Animal Identification System (NAIS). AMS encourages participants in voluntary marketing programs such as the USDA Process Verified Program (PVP), the Quality Systems Assessment (QSA) and the Non-Hormone Treated Cattle programs to meet the inherent animal identification (ID) requirements by using NAIS.

Currently, all AMS partners that have approved marketing programs are actively encouraging the use of premises registration and NAIS-compliant animal ID numbers for these marketing program participants. Using NAIS, producers would at the same time meet the requirements for animal ID and traceability for these AMS marketing programs. Further, use of NAIS along with enrollment in these voluntary AMS marketing programs ensures that cattle are eligible for the AMS Export Verification Program (EVP) for Japan with an opportunity for significant premiums for cattle producers.

Additional information about NAIS is available at www.ams.usda.gov/ARCAudits.

USDA announces more than \$16M to eradicate bovine TB

The USDA announced early April the availability of \$16.8 million in emergency funding to continue efforts to eradicate bovine tuberculosis (TB) in California, Michigan and Minnesota.

The emergency funding will be used to depopulate known TB-affected cattle herds, which is crucial to prevent the spread of the disease and to indemnify producers. The funding also will be used for enhanced surveillance to identify affected herds and to determine the source of infection. This enhanced surveillance will include free-ranging white-tailed deer in Minnesota and Michigan, a possible source of the disease.

Major U.S. flooding a sign of things to come

Significant rainfall during March sent thousands of Midwesterners fleeing their flooded homes, and although some of the rains had ceased by the month's end, National Weather Service (NWS) personnel were warning residents at press time that problems would continue as rivers continue to crest, according to *ABC News*. Arkansas, parts of Missouri, Ohio and southern Illinois were all affected by flood damage, which had contributed to at least 17 deaths.

The flooding in America's heartland offers a preview of the spring seasonal outlook, the National Oceanic and Atmospheric Administration (NOAA) NWS reported.

Above-normal flood potential is evident in much of the Mississippi River basin, the Ohio River basin, the lower Missouri River basin, Pennsylvania, New Jersey, most of New York, all of New England, and portions of the West, including Colorado and Idaho.

NWS was forecasting a 20% to 30% chance of major flooding on some rivers in southern Wisconsin and northern Illinois. Areas in the Connecticut River Valley also were at increased risk of flooding.

According to NWS, weather can change quickly in the spring. The weather service suggests consumers purchase an NOAA Weather Radio All-Hazards receiver and visit www.weather.gov.

Mexico to allow importation of U.S. breeding cattle

Mexico has agreed to allow importation of breeding cattle from the United States and Canada effective March 28, Agriculture Secretary Edward Schafer said.

According to the National Cattlemen's Beef Association (NCBA), Mexico denied access to U.S. breeding stock beginning Dec. 23, 2003, when the United States announced its first-ever case of bovine spongiform encephalopathy (BSE). Since that time, Mexico has only allowed importation of registered U.S. dairy heifers under the age of 24 months. Now the country will allow breeding stock.

Mexico continues to ban the import of beef and beef products from animals older than 30 months of age. Traditionally, the

United States has shipped approximately \$125 million annually in live cattle breeding stock to Mexico.

WTO rules against EU ban on beef with hormones

The World Trade Organization (WTO) announced March 31 that a ban by the European Union (EU) on imports of U.S. beef from hormone-treated cattle remains scientifically unjustified.

According to *Meatingplace.com*, U.S. Trade Representative Susan Schwab said she expects the WTO ruling to be a boon to U.S. beef producers — as well as EU consumers.

The ruling allows the United States and Canada to maintain sanctions on specified European products, though the EU has the right to appeal.

Worker gets prison time for animal abuse

Rafael Sanchez Herrera, one of the men seen abusing downer cows in an undercover video at the now-infamous Westland/Hallmark processing facility, pleaded guilty March 21 to three misdemeanor counts of illegal movement of a non-ambulatory animal, according to *The Associated Press* (AP). Herrera was sentenced to six months in jail, after which he will be deported to his native Mexico.

Daniel Ugarte Navarro, former supervisor at the plant, pleaded not guilty last week to five felony counts and three misdemeanor counts of animal abuse. According to AP, he is scheduled to appear in court again April 17 and could be offered his own plea agreement.

Feeding DDGs does not increase *E. coli* in cattle

A new study conducted at Kansas State University (K-State) concluded that the prevalence of *E. coli* O157:H7 or salmonella is no different in cattle fed steam-flaked corn and in cattle fed the same with 25% dried distillers' grains (DDG) supplementation.

The study, funded by the Kansas Beef Council and the National Cattlemen's Beef Association (NCBA), contradicted previous research suggesting that feeding cattle DDGs, a byproduct of ethanol production, increased the shedding of *E. coli* in fecal matter.

R-CALF requests APHIS withdraw fever tick rule

Ranchers-Cattlemen Action Legal Fund United Stockgrowers of America (R-CALF USA) is requesting that USDA Animal and Plant Health Inspection Service (APHIS) reconsider its proposal to open the port at San Luis, Ariz., to lower the cost of

importing cattle from Mexico. According to R-CALF USA, opening the port would make fever tick disease more readily accessible.

Citing news reports of spreading fever tick infestations in Texas, R-CALF supports an aggressive program that it says "aims to, first, effectively contain and eradicate infestations of fever ticks in the U.S. and, second, prevent the introduction of tick-borne illnesses into the U.S. through the strengthening of U.S. import standards."

Visit www.r-calfusa.com for further information.

Feds report grim economic outlook

Federal Reserve Chairman Ben Bernanke addressed members of Congress April 2, telling a Joint Economic Committee that economic growth was likely to stagnate and may even contract during the first half of the year, according to *The New York Times*.

Bernanke said while the forecast is accompanied by a high level of uncertainty, in the coming months he expects little growth, if any, of real gross domestic product during the first half of the year; inflation to moderate; unemployment rate to rise; payrolls to shrink; and home construction to fall. According to the article, Bernanke did not give any indication of further interest rate cuts and cited inflation as a serious concern.

Fuel companies announce plans for biogasoline

Shell and Virent Energy Systems Inc. have announced a joint research and development effort to convert plant sugars directly into gasoline and gasoline-blend components rather than ethanol.

According to a statement released March 26, the collaboration could develop new biofuels that can be used at high blend rates in standard gasoline engines. The technology converts plant sugars to hydrocarbon molecules similar to those produced at petroleum refineries. According to the release, the sources for sugar could include corn stover, switch grass, wheat straw and sugarcane pulp in addition to conventional biofuel feedstock like wheat, corn and sugarcane.

BQA training video released

The beef industry, through the checkoff-funded BQA (Beef Quality Assurance) program and the Livestock Marketing Association (LMA), recently released an auction market BQA training DVD titled "Focal Point, an Auction Market BQA Guide."

According to the Cattlemen's Beef Board (CBB), LMA sent out approximately 2,000 DVDs to auction markets across

the country, covering 99% of the auction markets in the United States. LMA is also encouraging auction markets to reach out to their state BQA coordinator to further certify their market and look at possible producer training opportunities. Copies of the video were also sent to each State Department of Agriculture and state veterinarians.

Copies of the beef version of the 2007 *National Market Cow & Bull Beef Quality Audit Executive Summary* are also available for ordering. Please send requests to Grace Webb at gwebb@beef.org or call 303-850-3338.

Donations to animal rights groups increase 5%

Charitable donations to animal-rights groups rose 5% in 2006, according to a new analysis by the Animal Agriculture Alliance. Donations to the People for the Ethical Treatment of Animals (PETA) increased by 17%. According to report highlights from the American Meat Institute (AMI), donations to PETA's Foundation to Support Animal Protection (FSAP) also posted a double-digit increase, jumping 18%. The findings come from the 2007 Animal People Watchdog Report on 150 Animal Charities.

AMI reports that the Animal Agriculture Alliance analysis also showed that the largest animal-rights activist group in the United States, The Humane Society of the United States (HSUS), increased donations by 9%, including its subsidiary organizations the Fund for Animals, Doris Day Animal League (DDAL) and Doris Day Animal Foundation (DDAF). Total donations to animal-rights groups in 2006 equaled approximately \$295.8 million.

Pfizer Animal Health to acquire Catapult Genetics and Bovigen

Pfizer Animal Health announced March 18 it will acquire two market-leading livestock genomics companies:

- ▶ Catapult Genetics Pty. Ltd., focused on developing and commercializing innovative livestock DNA tests and gene markers to assist global food producers, processors and retailers in improving profitability and quality in the global food chain; and
- ▶ Bovigen LLC, which markets DNA technology, including Catapult's products in the U.S. and throughout Canada, Central America and South America.

Terms of the agreements were not disclosed. The two companies will continue to market products and services to their own customers as well as Pfizer Animal Health customers.

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USPB approves agreement to sell National

U.S. Premium Beef LLC (USPB) announced March 14 that its unit holders overwhelmingly voted to approve the sale of National Beef Packing Co. LLC (National Beef) to JBS S.A. (JBS).

Under the terms of the agreement, JBS will acquire all of the outstanding membership interests of National Beef in exchange for JBS stock and cash. In addition, JBS will assume all of National Beef's debt and other liabilities at closing. USPB's portion of the total proceeds will be approximately \$65 million in JBS common stock and \$261 million in cash.

The sale will combine all National Beef operations and facilities, including National Carriers Inc. and its ownership in Kansas City Steak Co. LLC, with JBS Swift beef operations. National Beef President Tim Klein will become president and chief operating officer (COO) of the joint National Beef/JBS-Swift beef operations.

The transaction is subject to certain conditions and will require customary regulatory approvals.

British scientists create human-cow embryos

Great Britain scientists have created embryos containing both human and bovine material, the country's *Times Online* reported April 2.

Researchers at Newcastle University added human DNA to cow eggs that had their nuclei removed, according to the article. The group reported these "cytoplasmic hybrids" lived for three days and grew to contain up to 32 cells. According to *Times Online*, Newcastle scientists hope to grow these embryos for six days, then extract embryonic stem cells to aid in research of diseases such as Parkinson's and diabetes.

The House of Commons is set to debate new laws next month that would regulate such experiments. The article reports it is already illegal to culture human-animal embryos more than 14 days, or to implant them into the womb — regulations expected to remain in the new legislation.

NCBA announces reorganization

NCBA announced March 13 a staff reorganization to continue to serve cattlemen, state partners and the cattle industry in an ever-changing environment. The organization has been simplified into the following areas:

- ▶ Governance, Leadership and State Services, led by Kendal Frazier;
- ▶ Marketing and Communications, led by Kim Essex;
- ▶ Member and Corporate Services, led by Polly Ruhland;
- ▶ Research and Education, led by James Reagan; and

- ▶ Government Affairs, led by Terry Stokes, interim.

Washington Watch



President Bush backs long-term Farm Bill extension

President Bush signed a one-month extension of the 2002 Farm Bill March 13. According to *Brownfield Network*, he said it's the last short-term extension he wants to sign.

The President's statement said it's not his desired outcome, but if Congress couldn't reach an agreement on a new Farm Bill by April 18, he would support extending the current Farm Bill for "at least" one year. The statement added, "The government has a responsibility to provide America's farmers and ranchers with a timely and predictable farm program — not multiple short-term extensions of current law."

Legislation to stiffen penalties for processing downers

Sen. Dianne Feinstein (D-Calif.) introduced legislation mid-March that would shut down harvesting facilities that repeatedly process downed animals of all species and proposes fines and other penalties for first- and second-time violators, AMI reports.

Under this legislation, penalties would include: A fine for a first violation, based upon a percentage of the facility's gross income. The Secretary of Agriculture would determine the percentage. USDA inspection services would be suspended for one year following a second violation, effectively shutting down the facility during that time. A third violation would require the USDA to withdraw the facility's Grant of Inspection — resulting in the permanent shutdown of the facility. The bill also would require the USDA to release the names of establishments that have received recalled products, according to AMI. The bill is being co-sponsored by Sens. Barbara Boxer (D-Calif.), Ted Stevens (R-Alaska) and Daniel Akaka (D-Hawaii).

Colorado bill proposes humane treatment of farm animals

Colorado State Sen. Jim Isgar introduced a bill early March requiring the humane treatment of farm animals, *The Durango Herald* reported.

According to the article, Sen. Isgar is trying to head off a ballot initiative from

U.S. cattle on feed up 2%

Cattle and calves on feed for harvest in the United States for feedlots with capacities of 1,000 or more head totaled 11.9 million head March 1, 2008. The inventory was 2% above March 1, 2007, figures but 1% below March 1, 2006, figures. This is the second-highest March 1 inventory since the series began in 1996.

Placements in feedlots during February totaled 1.72 million, 4% above 2007 figures and 9% above 2006 figures. Net placements were 1.66 million head.

Marketings of fed cattle during February totaled 1.78 million, 4% above 2007 figures, and 11% above 2006 figures. Other disappearance totaled 60,000 head during February, 20% below 2007 figures and 18% below 2006 figures.

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

	No. of head (1,000 head)			2008 as % of	
	2006	2007	2008	2006	2007
On feed Feb. 1 ^a	12,110	11,726	11,966	99	102
Placed on feed during Feb.	1,588	1,659	1,723	109	104
Fed cattle marketed during Feb.	1,602	1,711	1,776	111	104
Other disappearance during Feb. ^b	73	75	60	82	80
On feed March 1	12,023	11,599	11,853	99	102

^aCattle 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.

^bIncludes death loss, movement from feedlots to pasture and shipments to other feedlots for further feeding.

Source: National Agricultural Statistics Service.

animal-rights activists. The bill would require veal calves and pregnant pigs to be kept in roomier housing as opposed to confinement pens and gestation crates.

At press time Isgar's bill had not yet been scheduled for a hearing, but The Humane Society said it would support the bill and drop its ballot initiative if Isgar's bill passes, according to the article.

Westland/Hallmark president appears at hearing

Steve Mendell, president of Westland/Hallmark Meat Co., appeared before a House of Representatives Energy and Commerce investigative subcommittee March 12 to testify for the Southern California processing facility where undercover video taken by HSUS showed what appeared to be downer cattle abused prior to harvest.

The video, released last month, sparked a firestorm of criticism among the public, lawmakers and others. It also triggered the recall of a record 143 million pounds (lb.) of beef processed during a two-year time period and distributed mostly to federal nutrition programs.

After watching part of the undercover video, Mendell abandoned his prepared testimony and admitted that his company likely allowed at least two downer cows into the food supply, AP reported.

Mendell said his company is "ruined" and approximately 220 employees have lost or are about to lose their jobs.

Industry Events

Beef Leaders Institute

June 1-4, Saint Joseph, Mo.

The American Angus Association's first-ever Beef Leaders Institute (BLI) is set to facilitate discussion among participants and allow for tours of packing facilities and retail outlets. The BLI is limited to 20 participants annually, ages 25-45. Participation in the BLI is based on applications, which were due March 1.

For more information about the event or participation in future institutes, contact Shelia Stannard (sstannard@angus.org) or Ty Groshans (tgroshans@angus.org) at 816-383-5100.

Carcass Ultrasound Technician Training, Certification

June 5-7, Ames, Iowa

The National Centralized Ultrasound Processing (CUP) Lab has announced the Summer 2008 field technician training and certification dates.

The Beginner Ultrasound Training Course will be offered at Iowa State University (ISU) in Ames, Iowa, and will cover the proper collection and interpretation of ultrasound images for both feedlot and breeding cattle. Participants need no prior experience or equipment, but they must preregister by downloading a registration form at www.cuplab.com.

An Advanced Training Course will follow June 5-7 in Ames, with an opportunity to take the certification exam June 9. Certification will be administered by the Ultrasound Guidelines Council (UGC) and co-hosted by ISU and The National CUP Lab. UGC Certification will also be offered June 10-13.

Trainees are encouraged to register early, as classes fill quickly. For more information on Ultrasound Training or UGC Certification, please call The National CUP Lab & Technology Center.

Livestock Judges and Show Management School

June 26-29, Washington State University

The 2008 Pacific Northwest Livestock Judges and Show Management School is sponsored by Washington State University (WSU), the University of Idaho and Oregon State University and serves as a learning opportunity for new and experienced judges, show managers, fair superintendents, livestock sale committee volunteers, 4-H leaders, FFA advisors, parents, producers and livestock enthusiasts.

The event has been organized to improve the livestock industry by developing participants' skills to effectively and accurately evaluate exhibition food animals; promote positive youth development; and showcase the benefits of animal agriculture and youth development programs.

Participants can select either the judges' or show management track.

Registration for the livestock judges' track costs \$175 for three full days. The fee includes a judge's notebook, three lunches, a banquet and refreshment breaks. Registration for the show management track is \$100 for two days. The fee includes a notebook, two lunches, a banquet and refreshment breaks. The registration deadline is June 1. Registration for the livestock judges' track is limited; register early to secure your spot.

For more information and to register, contact Sarah Smith, WSU Grant/Adams Extension, at 509-754-2011, ext. 413, or smithsm@wsu.edu; Jerry Newman, WSU 4-H Livestock Program, at 509-338-5938 or newmanj@wsu.edu; or Tiffany Boswell, 4-H program assistant, at 509-335-4128

or tiffany_boswell@wsu.edu. Complete registration information is also available at <http://animalag.wsu.edu> or <http://4-h.wsu.edu/news/index.htm>.

World Livestock Auctioneer Championship

June 28, Worthing, S.D.

Competitive livestock marketing at its best will be on display June 28 at the Sioux Falls Regional Livestock market in Worthing, S.D. Thirty-three of North America's best livestock auctioneers will compete for the title of World Livestock Auctioneer Champion during the 45th annual World Livestock Auctioneer Championship (WLAC).

The contest starts at 8 a.m. and is open to the public. Prior to selling cattle at the Saturday contest, the 33 semi-finalists are interviewed by a panel of LMA members on industry issues and topics. This interview will count for 10% of the semi-finalist's score.

Saturday morning, the semi-finalists will each sell several drafts of cattle. The 10 top scorers then return for a final round of selling. The three titlists — world, reserve and runner-up champion — are announced at an awards banquet the evening of June 28.

2008 BIF meeting

June 30-July 3, Calgary, Alta., Canada

The 2008 Beef Improvement Federation (BIF) Annual Research Symposium and Annual Meeting will take place at the Hyatt Regency in Calgary, Alta., Canada.

The event is expected to attract more than 500 seedstock and commercial producers, feedlot operators, academia, industry experts and beef industry service providers. Symposium topics will include the most current genetic improvement research and innovation dedicated toward advancements in beef production.

Angus Productions Inc. (API) will once again host online coverage of this popular industry event at www.bifconference.com. Symposium and tour schedules, accommodations and travel information, and archived coverage will be available in the weeks preceding the event. During and following the symposium, proceedings, audio, photos, synopses of presentations, and committee coverage will also be available.

A tentative schedule and registration information is now available at www.bifconference.com.

