

INDUSTRY



Beef Business

► A look at current events affecting the cattle industry

Research available to producers

An eight-year study shows that high-percentage Angus calves are worth \$30 more per head at auction than their non-Angus counterparts.

The Certified Angus Beef LLC (CAB) “Here’s the Premium” survey of 10 auction markets across the United States notes an increasing trend in the premiums paid for calves of known Angus genetics. Spring 2006 found a record \$32.64 incentive.

As part of an ongoing effort to share research with producers, CAB has created a new “Black Ink Basics” Technical Bulletin featuring this information.

“Angus Advantage Still Growing” was also recently added to the collection. To view, print or share these documents, visit www.cabpartners.com/news/basics/index.php.

Brucellosis surfaces in Montana herd

Seven cows traced to a Bridger, Mont., ranch have tested positive for brucellosis, state officials confirmed May 18.

According to an article released by *The Associated Press*, state and federal agriculture agents were investigating the source of the outbreak north of the Wyoming border to

determine if the disease has spread. If investigators find a second brucellosis-infected herd, Montana could lose its brucellosis-free status.

At press time, almost 300 cows from the effected herd were to remain under quarantine until completion of the investigation, expected to occur by mid-July.

Brucellosis was thought to have been eradicated from livestock in Montana in 1985, although the disease persisted in wildlife in and around Yellowstone National Park. According to AP, state officials conducting the investigation said diseased elk herds remain a possible route of transmission.

Japan suspends U.S. shipment

Japan suspended imports from a U.S. meat plant May 18 after a shipment didn’t contain proper documentation.

According to AP, a box of frozen beef stomach in a shipment from the Fort Morgan, Colo., Cargill Meat Solutions’ plant did not have required papers.

The ban occurred while Japanese officials were touring U.S. processors to evaluate their compliance with restrictions.

Bush pushes fuel, energy reform

President Bush has announced plans to further regulate gasoline consumption and greenhouse gas emissions, according to a statement released by the White House.

To further his “Twenty in Ten” goal of decreasing gasoline consumption by 20% in 10 years, Bush has directed the Environmental Protection Agency (EPA), Department of Energy, Department of Transportation and the U.S. Department of Agriculture (USDA) to take the first steps toward the regulation of gas consumption and emissions from motor vehicles.

According to the release, the Administration has also sent Congress legislative proposals that propose setting a mandatory fuels standard requiring the equivalent of 35 billion gallons of renewable and alternative fuels in 2017. The proposals also call for reform of average fuel economy standards.

Study assesses biofuels effect

A new study conducted by the Center for Agricultural and Rural Development at Iowa State University (ISU) estimates that increased corn prices driven by rapidly expanding U.S. ethanol production have increased U.S. retail food prices by \$14 billion annually.

The study was funded in part by the American Meat Institute (AMI), Grocery Manufacturers/Food Products Association, National Cattlemen’s Beef Association (NCBA), National Chicken Council, National Grain & Feed Association (NGFA), National Pork Producers Council and the National Turkey Federation.

Study findings show the increase in U.S. retail food prices could reach \$20 billion annually under a scenario in which crude oil prices range from \$65 to \$70 per barrel and U.S. corn prices reach \$4.42 per bushel (bu.), compared to the \$2 per bu. that existed in mid-August 2006.

According to AMI, the study indicates that corn yield gains would ultimately provide sufficient additional corn stocks to moderate grain price increases if corn-based ethanol production peaks at 14 billion to 15 billion gallons (gal.) annually by 2010, when existing ethanol plants and those already under construction come on line. The study projects that under this scenario, corn prices would peak at about \$3.43 per bu. in 2009 before leveling off at \$3.16 per bu. by 2016. Ethanol production at that level would equate to approximately 10% of U.S. gasoline consumption.

The study projected that if season-average corn prices over a 10-year period ending in 2016 increased to \$4.42 per bu., retail beef prices would increase 4% and production would decline by 1.6%.

U.S. cattle on feed down 2%

Cattle and calves on feed for harvest in the United States for feedlots with capacities of 1,000 or more head totaled 11.3 million head May 1, 2007. The inventory was 2% below May 1, 2006, figures but 6% above May 1, 2005. This is the second-highest May 1 inventory since the series began in 1996.

Placements in feedlots during April totaled 1.57 million, 3% below 2006 figures and 5% below 2005. Net placements were 1.47 million head.

Marketings of fed cattle during April totaled 1.82 million, up 2% from 2006 and up 1% from 2005 figures. Other disappearance totaled 99,000 head during April, 14% above 2006 figures, and 9% above 2005.

Table 1: No. of cattle on feed, placements, marketings and other disappearance, 1,000+-head-capacity U.S. feedlots, May 1, 2005-2007

| | No. of head (1,000 head) | | | 2007 as % of | |
|---|--------------------------|--------|--------|--------------|------|
| | 2005 | 2006 | 2007 | 2005 | 2006 |
| On feed April ^{1a} | 10,873 | 11,812 | 11,644 | 107 | 99 |
| Placed on feed during April | 1,660 | 1,619 | 1,573 | 95 | 97 |
| Fed cattle marketed during April | 1,801 | 1,785 | 1,821 | 101 | 102 |
| Other disappearance during April ^b | 91 | 87 | 99 | 109 | 114 |
| On feed May ^{1a} | 10,641 | 11,559 | 11,297 | 106 | 98 |

^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.

The study is available from ISU's web site at www.card.iastate.edu/publications.

ERS releases farm data

USDA's Economic Research Service (ERS) released data June 1 reflecting both structure and finances of U.S. farms, and farm program payments to farm households.

According to ERS' 2007 *Family Farm Report*, most U.S. farms — 98% in 2004 — are family farms. Large-scale family farms and nonfamily farms account for 10% of U.S. farms, but 75% of the value of production. In contrast, small family farms make up most of the U.S. farm count, produce a modest share of farm output, and receive substantial off-farm income.

In a separate finding, ERS reports less than half of all farms — 43% in 2005 — receive farm program payments. Large family farms represent 8% of all farms, but they receive 58% of commodity program payments going to farms.

ERS data indicate two-thirds of recipient farms receive less than \$10,000 in payments, accounting for only 7% of their gross cash farm income. Payments represent 13% of gross cash farm income for those that receive more than \$30,000 in payments.

To view the full reports, visit www.ers.usda.gov/Publications/EIB24 and/or www.ers.usda.gov/AmberWaves/June07/Features/FarmProgram.htm.

AMI releases updated handling guidelines

AMI released the 2007 *Animal Handling Guidelines and Audit Guide*. The guidelines are an updated version of the 2005 guidelines and have been revised based upon feedback from the field, AMI reports.

Audit points in the guidelines, which were first introduced in 1996 after Temple Grandin audited U.S. meat packing plants, include measurement of: frequency of slips and falls by livestock; frequency of vocalizations; frequency of electric prod use; stunner accuracy; and how effectively livestock are made insensible during processing.

The audit also calls for the monitoring of any willful acts of abuse (which is an immediate audit failure) and the provision of water at all times. Major changes include the addition of a new audit point for monitoring slips and falls at unloading and a new approach to vocalization scoring of pigs.

All of AMI's materials and guidelines, which are free and accessible to the public, may be found at www.animalhandling.org.

Food safety confidence drops

The Food Marketing Institute (FMI) released a report mid-May detailing how foodborne illness outbreaks and high

energy costs are significantly changing consumer shopping behavior and attitudes.

According to FMI's "U.S. Grocery Shopper Trends, 2007" report, consumer confidence in supermarket food safety declined to 66% — the lowest point since apple pesticide and contaminated grapes became a concern in 1989. Confidence in restaurant food is reportedly lower, at 43%.

FMI findings show 38% of consumers stopped purchasing certain foods — including spinach, lettuce, bagged salad and beef — in the last year due to safety concerns.

For more information about FMI findings, visit <http://fmi.org/media/mediatext.cfm?id=873>.

Japan names new ag minister

Secretary of Agriculture Mike Johanns reported late May the death of Japan's agricultural minister and sent his condolences to Minister Toshikatsu Matsuoka's family and to the people of Japan.

According to *Meatingplace.com*, Norihiko Akagi has been named Japan's agriculture, forestry and fisheries minister. The news service reports Akagi rejected initial requests by Secretary Johanns to ease the country's import restrictions on U.S. beef.

Swift sells to Brazil company

The *Greeley Tribune* May 29 reported the sale of Greeley-based Swift & Co. to J&F Participações S.A., which owns 77% of Brazil's JBS S.A.

JBS is Latin America's largest beef processor, and Swift is the world's third-largest processor of fresh beef and pork. The deal is reported to be an all-cash transaction amounting to \$1.4 billion. For more information visit www.greeleytribune.com.

U.S., Mexican officials discuss trade issues

Officials from the United States and Mexico met early May for the inaugural meeting of the U.S.-Mexico Consultative Committee on Agriculture (CCA).

Mark Keenum, undersecretary for the USDA's Farm and Foreign Agricultural Services, said the two countries had constructive discussion on several critical issues, including full implementation of the remaining provisions of the North American Free Trade Agreement (NAFTA) in 2008.

Officials also discussed pending U.S. and Mexican farm legislation, biotechnology, and sanitary and phytosanitary issues. According to USDA, the next U.S.-Mexico CCA meeting, to be hosted by Mexico, is tentatively scheduled for November.

Forest Service purchases Elkhorn Ranch

Secretary Johanns announced that the

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USDA Forest Service (FS) has purchased a 5,200-acre parcel that houses the historic Elkhorn Ranch in western North Dakota.

The Elkhorn Ranch, located in the Badlands of western North Dakota, was the site where President Theodore Roosevelt operated a ranch in the 1880s. The ranch, purchased for \$4.8 million from a private owner, becomes part of the Little Missouri National Grasslands. The Forest Service will honor existing legal rights and valid permits. Traditional uses such

as livestock grazing, oil and gas development, and hunting will continue.

China heightens inspections

China announced it will be strengthening inspections of its export products, according to a news article appearing early May on *Yahoo News*.

Chinese officials ordered more inspections of all plant and aquaculture products as well as increased control of pesticides, fertilizers, drugs and animal feed, according to the article.

The announcement comes after a series of international health scares traced to food/feed products originating from China.

Johanns outlines Farm Bill proposals

In early May, Agriculture Secretary Mike Johanns described the Administration's 2007 Farm Bill proposals regarding international trade, pointing out that the trade provisions complement the entire Farm Bill package.

According to the USDA, the Administration's proposals for trade would increase funding for the Market Access Program; target funds to boost international markets for specialty crops; increase the U.S. presence within international trade standard-setting organizations; provide additional tools to respond to unfair trade practices; and strengthen efforts to revitalize

the agricultural sectors in fragile regions.

For more information, visit www.usda.gov.

Lawmakers likely to close last horse harvesting facility

Illinois lawmakers approved a measure May 16 to ban the harvest of horses for human consumption, according to *Meatingplace.com*. The move will likely force the closure of a DeKalb, Ill., processing facility — the last U.S. plant of its kind in operation — the news service reports.

Two other harvesting facilities in Texas were also forced to close earlier this year.

Washington Watch



Subcommittee discusses agriculture

A U.S. House of Representatives subcommittee hosted a hearing June 5 in Salina, Kan., to discuss the state's agriculture status.

Members of the Agriculture Subcommittee on General Farm Commodities and Risk Management participated in the event, which took place at the College Center at Kansas State University's (K-State's) Salina campus. The meeting was meant to give Kansas

producers a chance to voice opinions regarding Title One, the Commodity Title, of the 2007 Farm Bill.

Nine "witnesses" discussed issues confronting agricultural producers in Kansas, including recovering from weather-related disasters, export barriers to Kansas-produced agricultural goods and high energy costs.

Witness testimony is available on the committee web site, available at <http://agriculture.house.gov/hearings/index.html>.

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Congressmen introduce Farm Bill proposal

Rep. Ron Kind (D-Wis.), Jeff Flake (R-Ariz.), Joe Crowley (D-N.Y.) and David Reichert (R-Wash.) announced May 10 their plans to introduce legislation to the U.S. House of Representatives that they say “provides a bold new direction for farm policy.”

According to a release issued by Kind, “The Food & Agriculture Risk Management for the 21st Century Act (FARM 21)” proposal will suggest the current farm subsidy system be transitioned to a more cost-effective and responsive system of farmer-held risk management accounts (RMAs) and revenue insurance tools.

Kind said such tools will help bring farm

programs into compliance with trade agreements and boost international negotiations while improving the environment and reducing the national deficit.

The legislation calls for a farmer safety net that is estimated to cost approximately \$20 billion less over five years and \$55 billion less over ten years than extension of current farm subsidies. The suggested reforms would also, according to Kind, increase funding for renewable energy programs and renewable energy research by at least \$1 billion over five years, including funding to provide at least \$5 billion in loan guarantees for renewable energy development on farms, ranches and forest lands.

For more information and to view Kind’s release, visit www.house.gov/kind/press/070510-%20RMA.pdf.

Death tax repeal legislation introduced

Congressmen Kenny Hulshof (R-Mo.) and Robert Cramer (D-Ala.) introduced a bill mid-May that promotes full, permanent repeal of the death tax.

According to NCBA, a 10-year phase-out to full repeal by 2010 is scheduled. However, the tax will be re-instated in 2011 — under 2001 levels — unless Congress approves legislation making the repeal permanent.

Industry Events**K-State ag conferences****July-August, Kansas**

K-State Research and Extension is offering the following area and statewide agricultural conferences and field days to all interested

persons. For more information about these events and other local and county events, check with your local Extension office.

- ▶ July 15-17 — Crop Diagnostic School, Manhattan, 785-532-6183
- ▶ July 22-23 — Kansas Ag Retailers Association Crop School, Manhattan, 785-532-6183
- ▶ Aug. 14-15 — Risk and Profit Conference, Manhattan, 785-532-1504



Purdue agribusiness conferences, seminars

July-November

Purdue University will host several conferences and seminars aimed at those in agribusiness. Among the seminars are:

- ▶ July 10-11 — Precision Selling: Building Relationships with Large Farmers
- ▶ Oct. 22-26 — Agrimarketing

- ▶ Nov. 13-14 — National Conference for Agribusiness: “Re-Thinking Service Strategies: Innovations that Drive Profit.”

For more information about these conferences and seminars, contact Purdue’s Center for Food and Agricultural Business at 765-494-4247 or agbusinessinfo@purdue.edu.



NIAA ID.INFO EXPO 2007

Aug. 28-30, Kansas City, Mo.

The National Institute for Animal Agriculture’s (NIAA’s) annual ID.INFO EXPO 2007 will be in Kansas City, Mo., Aug. 28-30 at the Westin Crown Center.

This year’s conference is themed “ID.INFO EXPO 2007 — Where Traceability Needs Intersect: Animal Health, Country of Origin Labeling, Food Safety and Consumer Demand.”

Topics will include progress on the USDA National Animal Identification System (NAIS), as well as industry-driven programs such as source verification, quality assurance and branding of products. Conference coordinators also expect renewed dialogue on implementation of country-of-origin labeling (sometimes referred to as COL or COOL) and recent public concerns regarding pet food and similarly contaminated poultry and swine feed.

Basic information on individual registration, trade show participation, sponsorship opportunities and hotel registration will be available at the NIAA web site, www.animalagriculture.org.

