



Beef Business

► A look at current events affecting the cattle industry

Checkoff, LMA reach agreement

The Cattlemen's Beef Promotion and Research Board (CBB) announced in early March that the Livestock Marketing Association (LMA) and the U.S. Department of Agriculture (USDA) have reached an agreement aimed at keeping discussions about changes to the beef checkoff program out of the courtroom.

According to CBB, pursuant to a settlement agreement between the parties, a stipulation of dismissal was filed with the U.S. District Court in South Dakota, dismissing the claims of most of the plaintiffs in the case, including LMA.

"This agreement resolves all outstanding claims in this action ... and the settling Plaintiffs hereby release and dismiss all claims set forth in their Third Amended Complaint for Declaratory and Injunctive Relief, and any other claims arising from the facts set forth therein," notes the agreement signed by counsel for LMA, CBB and USDA.

According to the agreement, USDA will use beef checkoff dollars to fund an extensive survey of at least 8,000 U.S. cattle producers to "assess producer attitudes toward the beef checkoff program."

"The producers who pay the checkoff need to have an important role in recommending how those dollars are spent — and they need to know that those investments are based directly on their end desires," CBB Chief Operating Officer (COO) Monte Reese stated in the release.

ECP funds available

Agriculture Secretary Mike Johanns announced March 3 that the USDA is making \$63 million in Emergency Conservation Program (ECP) funds available to assist agricultural producers struck by hurricanes in the Gulf of Mexico region during 2005. This is the first allocation from \$199.8 million available in ECP funds.

Producers in counties that were declared presidential or secretarial disaster areas due to 2005 hurricanes are eligible. Eligible agricultural producers may receive up to 100% cost-share to remove debris and restore fences and conservation structures.

For additional information or to apply for ECP assistance, eligible producers should

visit their local Farm Service Agency (FSA) office. For more information on ECP and other USDA disaster aid programs, visit your local FSA office, or visit FSA's Web site, <http://disaster.fsa.usda.gov/fsa.asp>.

Economists predict increasing costs

U.S. farmers face an increasing cost-price squeeze in the year ahead, say economists from the University of Missouri-Columbia. Farm production expenses that increased \$28 billion in the past three years will jump another \$7 billion in 2006. Rising energy prices, including fuel and fertilizer, made up \$10 billion of the increase since 2002.

Costs also increased substantially for feed, purchased livestock, seed, repairs and interest payments, according to a 10-year baseline report released to the U.S. Congress by the Food and Agricultural Policy Research Institute (FAPRI).

FAPRI predicts that net farm income will fall by \$16.8 billion in 2006 from 2005. Increased costs and falling crop and livestock receipts squeeze farm profits. Farmers face declining payments from

federal farm programs throughout the baseline. Payments peaked at \$23 billion in 2005 and are projected at \$13 billion in 2015.

The brightest spot in the baseline is demand for ethanol fuel made from corn. A new section of the baseline report was added for corn products. At current trends, ethanol demand will exceed corn exports by market year 2007-2008.

There will be more cattle to eat byproducts as the U.S. cattle herd expands, stimulated by higher beef prices since 2003. FAPRI projects a peak of more than 103 million head of cattle by 2012.

"As beef supplies increase, prices will moderate," said Scott Brown, FAPRI livestock analyst. A 600-pound (lb.) feeder calf that averaged \$120 per hundredweight (cwt.) in 2005 is projected at \$84 per cwt. by 2012.

Beef production up 7%

Commercial red meat production for the United States totaled 3.89 billion lb. in January, up 7% from 3.65 billion lb. produced in January 2005, the National Agricultural Statistics Service (NASS) reported late February.

Beef production, at 2.04 billion lb., was also 7% above the previous year. Cattle harvest totaled 2.64 million head, up 5% from January 2005. The average live weight was up 19 lb. from the previous year, at 1,281 lb.

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U.S. cattle on feed up 7%

Cattle and calves on feed for harvest in the United States for feedlots with capacities of 1,000 or more head totaled 12.1 million head Feb. 1. The inventory was 7% above the same time last year and 9% above Feb. 1, 2004, figures.

Placements in feedlots during January totaled 2.20 million, 16% above 2005 figures and 25% above 2004 figures. Net placements were 2.12 million head.

Marketings of fed cattle during January totaled 1.81 million, up 2% from 2005 figures and up 2% from 2004. Other disappearance totaled 83,000 head during January, 14% above 2005 figures, but 12% below 2004 figures.

Table 1: No. of cattle on feed, placements, marketings and other disappearance, 1,000+-head-capacity U.S. feedlots, Feb. 1, 2004-2006

	No. of head (1,000 head)			2006 as % of	
	2004	2005	2006	2004	2005
On feed Jan. 1 ^a	11,253	11,299	11,804	105	104
Placed on feed during Jan.	1,754	1,888*	2,199	125	116
Fed cattle marketed during Jan.	1,775	1,772*	1,810	102	102
Other disappearance during Jan. ^b	94	73*	83	88	114
On feed Feb. 1 ^a	11,138	11,342*	12,110	109	107

*Revised.

^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.

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Veal production totaled 12.5 million lb., 6% below January a year ago. Calf harvest totaled 55,700 head, down 18% from January 2005. The average live weight was 39 lb. above last year, at 368 lb.

CO packaging remains under fire

The American Meat Institute (AMI) and Kansas State University meat scientist Mel Hunt are defending the use of carbon monoxide (CO) in modified-atmosphere packaging of meat products, *meatingplace.com* reported.

CO use first came under fire by members of Congress who began voicing concern late February about the meat industry's use of CO to maintain meat's bright pink color. The topic has received national attention, and AMI officials are arguing that not only is CO use in packaging harmless, it helps fight pathogen formation and promotes food safety.

U.S., Columbia make free-trade agreement

U.S. and Colombian negotiators concluded free-trade agreement (FTA)

negotiations Feb. 27 that, Secretary Johanns says, will open new export opportunities for U.S. farmers and ranchers.

According to a statement released by Johanns, Colombia is the second-largest ag market in Latin America, accounting for \$677 million in sales of wheat, coarse grains, cotton and soybeans, among many others.

Under the agreement, U.S. farm exports to Colombia receiving immediate duty-free treatment include beef, cotton, wheat, soybeans, soybean meal, apples, pears, peaches, cherries and many processed food products.

Rustling on the rise in Missouri, U.S.

During the past year, thieves have stolen hundreds of cattle in 29 Missouri counties — \$500,000 worth of cattle in at least 82 incidents, according to the *Kansas City Star*.

Stolen cattle are being reported at an increasing rate across the country, said Gregg Doud, National Cattlemen's Beef Association (NCBA) chief economist. Doud and other industry representatives are attributing the thefts to the steady rise in cattle prices, a 50% increase during the past five years.

According to the article, Missouri Gov. Matt Blunt has created a task force to combat a string of cattle thefts across southwest and central Missouri, directing

law enforcement agencies, agriculture departments and citizens to work together to catch cattle rustlers. The state's department of agriculture is working with auction barns to identify stolen cattle, and Blunt has reported his intentions to increase the penalty for livestock theft from a Class D felony to a Class C felony. The distinction would raise the potential prison sentence from four to seven years, according to the article.

FSIS announces initiative to reduce salmonella

The USDA Food Safety and Inspection Service (FSIS) Feb. 23 announced a comprehensive initiative to reduce the presence of salmonella in raw meat and poultry products.

The initiative will include concentrating resources at establishments with higher levels of salmonella and will change the reporting and utilization of FSIS salmonella verification test results. The effort is patterned after the highly successful FSIS initiative to reduce the presence of *E. coli* O157:H7 in ground beef. The FSIS *E. coli* O157:H7 initiative led to a 40% reduction in human illnesses associated with the pathogen, according to the Centers for

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Disease Control and Prevention (CDC).

According to the strategy, which is described in a *Federal Register* notice published Feb. 27, FSIS will now provide the results of its salmonella performance standard testing to establishments as soon as they become available on a sample-by-sample basis.

To view the notice or to make comments on the notice (due before May 30), visit <http://www.fsis.usda.gov/regulations%5F%26%5Fpolicies/2006%5Fnotices%5Findex/>.

Industry Events



Auburn University annual conference

April 6-9, Auburn, Ala.

Auburn University's College of Veterinary Medicine will host its 99th Annual Conference at The Hotel at Auburn University and Dixon Conference Center in Auburn.

The conference will offer many opportunities for alumni and colleagues to learn about medical advances and to catch up on the latest veterinary news. The conference will include class reunions, a golf

classic, veterinary education classes, a trade show and more.

Conference registration for veterinarians includes 25 hours of continuing education (CE) credits, a certificate of attendance, a CD-ROM of notes, some meals and receptions, and admission to the exhibit hall.

To register, visit www.vetmed.auburn.edu, complete the appropriate registration form and bring it to the conference for on-site registration.

Contact The Hotel at Auburn University and Dixon Conference Center at 1-800-228-2876 or visit www.auhcc.com for accommodation information.



BIF 38th Annual Research Symposium and Annual Meeting

April 18-21, Choctaw, Miss.

The 2006 Beef Improvement Federation (BIF) meeting will be in April at the Pearl River Resort. Meetings begin with an opening reception Tuesday evening, followed by a symposium sponsored by the Ultrasound Guidelines Council titled "Basics of Ultrasounding Beef Cattle for Genetic Improvement."

General sessions will focus on how cow-calf producers can meet retail and consumer targets and how they can best fit into their production environments. BIF will honor

several individuals, including its seedstock and commercial producers of the year. A tour on Friday will visit the Mississippi Agricultural and Forestry Experiment Station at Mississippi State, EE Ranches Inc. of Winona, Gaddis Farms of Bolton, and the Mississippi Agriculture and Forestry Museum in Jackson.

For more information, including registration, hotel and travel details, visit <http://msucare.com/livestock/beef/bif2006.html>, or call Jane Parish at (662) 325-7466 or Blair McKinley at (662) 325-3691. For Angus Production Inc.'s (API's) coverage of the event, as well as archived coverage of past BIF meetings, visit www.bifconference.com.



World Meat Congress

April 26-29, Brisbane, Australia

The biennial meat industry conference will focus on global trends, innovations and issues affecting the world's meat industries. Key themes will focus on the consumer, the community, and supply and trade policy.

The 2006 World Meat Congress is conducted by the International Meat Secretariat and will be hosted by Meat & Livestock Australia, the Australian Meat Industry Council and Australian Pork Limited.

For more information visit www.2006worldmeatcongress.com.au.

