



Beef Business

► A look at current events affecting the cattle industry

Canadian BSE case confirmed

The Canadian Food Inspection Agency (CFIA) Feb. 7 confirmed the diagnosis of bovine spongiform encephalopathy (BSE) in a mature bull from Alberta. According to the agency, preliminary information indicated the age of the affected animal was within the age range of previous cases detected in Canada.

The carcass did not enter the human food or animal feed systems, and an epidemiological investigation was under way at press time.

Secretary of Agriculture Mike Johanns said he was dispatching a U.S. Department of Agriculture (USDA) expert to Canada to assist with the investigation.

"Based on what is known at this time, I would not expect this Canadian detection to impact our trade with Canada," he stated Feb. 8. "Regarding the proposed minimal risk rule that specifies additional movement of cattle and beef into the United States, we remain in an open comment period until March 12,

2007. While the risk assessment for the proposed rule factors in the possibility of additional cases, the open comment period allows for consideration of additional information that might result from this investigation."

Johanns outlines 2008 ag budget

Secretary Johanns, the week of Feb. 5, released details of President Bush's FY 2008 USDA budget. According to Johanns, the budget meets the agency's most important priorities, while exercising fiscal discipline to meet the President's goal to balance the budget.

Johanns said the 2008 budget reflects the President's priorities to encourage economic growth, increase the nation's security and achieve a balanced budget.

Beginning in 2008, the budget incorporates a \$500 million increase each year in the Commodity Credit Corporation (CCC) estimates to accommodate the cost of

new Farm Bill proposals to be allocated among the various titles of the bill.

Total USDA expenditures are estimated at about \$89 billion in 2008, which, according to USDA, is approximately the same level as 2007. Roughly 75% of expenditures, or \$67 billion in 2008, will be for mandatory programs that provide services required by law — including many of the nutrition assistance, commodity, export promotion and conservation programs.

Visit www.usda.gov/budget for additional information regarding the FY 2008 budget proposal.

Johanns unveils 2007 Farm Bill proposals

Secretary Johanns Jan. 31 unveiled the USDA's 2007 Farm Bill proposals. The more than 65 proposals correspond to the 2002 Farm Bill titles with additional special focus areas, including specialty crops, beginning farmers and ranchers, and socially disadvantaged producers.

According to Johanns, USDA began preparations for the 2007 Farm Bill in 2005 by conducting 52 Farm Bill Forums across the country. More than 4,000 comments were recorded or collected during forums and via electronic and standard mail. These comments are summarized in 41 theme papers. USDA economists, led by Keith Collins, studied the comments and authored five analysis papers.

The proposals represent the final phase of a nearly two-year process. Each detailed proposal provides information about why a change is needed, the recommended solution, and relevant background information about the affected program or policy.

According to USDA, the administration's 2007 Farm Bill proposals would spend approximately \$10 billion less than the 2002 Farm Bill spent during the past five years (excluding ad-hoc disaster assistance). These proposals would provide approximately \$5 billion more than the projected spending if the 2002 Farm Bill were extended.

The proposals are available at www.usda.gov/farmbill. Also posted on USDA's web site are the Farm Bill Forum

U.S. cattle on feed up 1%

Cattle and calves on feed for harvest in the United States for feedlots with capacities of 1,000 or more head totaled 12.0 million head Jan. 1, 2007. The inventory was 1% above Jan. 1, 2006, figures and 6% above Jan. 1, 2005. This is the highest Jan. 1 inventory since the series began in 1996.

Placements in feedlots during December 2006 totaled 1.71 million, 9% below 2005 figures and 7% below 2004. Net placements were 1.63 million head.

Marketings of fed cattle during December totaled 1.63 million, 5% below 2005 and 9% below 2004 figures. This is the lowest fed-cattle marketings for the month of December since the series began in 1996. Other disappearance totaled 88,000 head during December, 3% below 2005 figures, and 4% below 2004.

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

	No. of head (1,000 head)			2007 as % of	
	2005	2006	2007	2005	2006
On feed Dec. 1 ^{ab}	11,334	11,726	11,973	106	102
Placed on feed during Dec. ^b	1,834	1,884	1,714	93	91
Fed cattle marketed during Dec. ^b	1,777	1,715	1,625	91	95
Other disappearance during Dec. ^{bc}	92	91	88	96	97
On feed Jan. 1 ^a	11,299	11,804	11,974	106	101

^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.

^bDecember preceding year.

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

Source: National Agricultural Statistics Service.

transcripts, Farm Bill comments submitted by the public, theme papers summarizing the comments and USDA analysis papers.

Canada ceases bluetongue requirements

The CFIA announced Feb. 2 new import regulations allowing greater access for cattle, sheep, goats and other ruminant animals from the United States.

Effective immediately, U.S. cattle can enter Canada without any bluetongue-related import requirements. Based on enhancements to diagnostic tests, the CFIA is also reducing testing requirements for anaplasmosis. According to the agency, neither disease poses a risk to human health.

In addition, sheep, goats and other small ruminants, which were previously banned from entering Canada, will be able to be imported for breeding purposes under certain conditions.

The new regulations will use a permit-based system for most ruminant animals imported from the U.S.

USDA proposes updated export regulations

USDA's Animal and Plant Health Inspection Service (APHIS) is proposing to amend its livestock exportation regulations to eliminate the U.S. requirement for pre-export tuberculosis (TB) and brucellosis (Bang's disease) testing.

The proposed changes would no longer require pre-export testing for cattle from any TB accredited-free or brucellosis class-free state and for exports to countries that do not require testing. At press time, all states were designated accredited-free for TB except Minnesota, Texas and portions of Michigan and New Mexico; and all states except Idaho and Texas were designated as class free for brucellosis.

Consideration will be given to comments received on or before March 13. Visit www.usda.gov for more information.

NAIS documents available

USDA has made three National Animal Identification System (NAIS) documents available for review and public comment.

These documents include a Draft User Guide, a Program Standards and Technical Reference document, and a technical specifications document for the animal tracking databases. They are available on USDA's NAIS web site at www.usda.gov/nais and in USDA's reading room.

Bruce Knight, undersecretary of USDA's marketing and regulatory programs mission

area, said the documents will further advance the dialogue on NAIS and guide collaborative efforts. USDA encourages all interested parties to submit comments on any of the three documents or other aspects of NAIS. Comments are now being accepted through the NAIS e-mail address, animalidcomments@aphis.usda.gov, or by mail to NAIS Program Staff, Veterinary Services, APHIS, 4700 River Rd., Unit 200, Riverdale, MD 20737.

NAIS agreements expanded to nonprofit organizations

In related news, USDA early February announced a request for proposals (RFP) from nonprofit livestock and poultry industry organizations that wish to enter into cooperative agreements with USDA to advance the development of the NAIS. According to USDA, these cooperative agreements will support the efforts of such organizations to promote NAIS and,

CONTINUED ON PAGE 424

specifically, increase participation in premises registration — the foundation of the program.

USDA will make up to \$6 million available for the cooperative agreements, subject to the availability of funding. The RFP can be found at www.grants.gov. Additional information about the NAIS program, along with a link to the RFP, is available at www.usda.gov/nais.

BSE study points to virus, not proteins

Researchers have found more evidence that a virus may cause BSE and a related brain disorder in humans, according to an article at *Washingtonpost.com*.

Laura Manuelidis, a neuropathologist at Yale Medical School, said nerve cells infected with the human form of BSE contained a virus-size particle not appearing in uninfected cells. Cells infected with scrapie found in sheep contained the same germ, the article noted.

The findings disagree with the commonly held belief the diseases are spread by prions, abnormal proteins.

According to *Washingtonpost.com*, questions have arisen because people and animals are thought to catch the disease by eating infected meat, and some researchers argue the stomach and intestines would quickly break down any protein before it reached the blood or brain.

U.S., Brazil agree to germplasm exchange

U.S. and Brazilian scientists have agreed to a significant international exchange of germplasm, the material plants and animals use to reproduce.

USDA's Agricultural Research Service (ARS) reports it is helping its Brazilian counterpart develop a new animal genome database. According to ARS, the effort is part of an ongoing collaboration between the two countries, called "Labex," through which the U.S. and Brazil share agricultural equipment, scientists and expertise.

This is the first Labex effort to deal with genetic resources. As part of the project, Brazilian visiting scientists collaborated with ARS scientists on their research, analyzed germplasm storage techniques

and compared genebank management practices.

A Brazilian computer programmer is also scheduled to work with U.S. programmers to develop a new version of the animal germplasm component of the ARS Genetic Resources Information Network.

Read more about the research in the February 2007 issue of *Agricultural Research* magazine, available online at www.ars.usda.gov/is/AR/archive/feb07/seeds0207.htm.

Fuel prices expected to remain high

According to DTN, fuel prices may remain historically high in the next few months, despite lower costs for crude oil, gasoline and diesel. Compared to last year's fuel crunch however, costs seem to be easing at the beginning of 2007, the article reports.

Chad Hart, an agriculture economist at Iowa State University's Center for Agricultural and Rural Development, said that during February last year, the New York Mercantile Exchange (NYMEX)

futures price for crude oil was about \$68 a barrel, whereas the front-month crude oil futures price on the NYMEX Feb. 6 closed at about \$57. In comparison, 2005 crude oil prices were even lower, at about \$48, Hart said.

USDA plans \$1.6B investment in renewable fuels

Secretary Johanns late January announced plans to propose \$1.6 billion in new funding for renewable energy, with a focus on cellulosic energy research and production, as part of the Administration's 2007 Farm Bill proposals. The funding will support President Bush's goal of reducing gasoline usage by 20% in the next 10 years and will complement an array of renewable energy-related efforts under way at the USDA.

President Bush's plans for energy independence include \$2 billion in cellulosic production loan guarantees as well as a new Alternative Fuels Standard, which contains a requirement for sources produced by American farmers and ranchers as well as an automatic "safety valve" to protect against unforeseen

increases in the prices of alternative fuels or their feedstocks.

Visit www.usda.gov for a list of USDA's renewable fuel projects under way and accomplishments to date.

Organizations request biofuels working group

The American Meat Institute (AMI) and several national producer organizations have called on the USDA to assemble a panel within the Office of the Chief Economist to study the emerging biofuels economy and its implications for livestock producers and animal agriculture. In a letter to Secretary Johanns, the groups called attention to the effects of biofuel development on the U.S. livestock industry and its competitiveness.

According to AMI, the letter stated "public focus on agricultural issues continues to expand as new and exciting technologies place the agricultural sector in the driver's seat of America's energy future. However, with these changes and developments have come significant concerns for the tens of thousands of

farmers, farm families and all those involved in the \$128 billion livestock, meat, dairy and poultry sectors."

Growth in biofuels production and low corn and feed inventories have contributed to concerns as to the availability of feed inputs for animal agriculture.

The letter can be viewed at www.meatami.com/storylinks/2007/biofuelsletter011807.pdf.

Court bans horse processing in Texas

A federal court has ruled horse processing illegal in Texas, the Texas and Southwestern Cattle Raisers Association (TSCRA) reports.

The U.S. Court of Appeals for the Fifth Circuit in New Orleans issued a ruling Jan. 19 that overturned a lower court's decision discounting a Texas law that banned the harvest of horses for human consumption. According to TSCRA, two of the three U.S. horse-processing plants are in Texas.

The ruling, one TSCRA representative argues, leaves livestock owners without an inexpensive, humane alternative to disposal

CONTINUED ON PAGE 426

of old and unwanted horses. Former U.S. Rep. Charlie Stenholm said the two Texas plants are considering whether to challenge the Appeals Court decision.

Court rejects anti-packer amendment

The 8th Circuit Court of Appeals in Saint Louis mid-January threw out an amendment to Nebraska's state constitution that effectively banned meatpackers from owning or feeding livestock, according to *Meatingplace.com*.

The court called the amendment, which also banned non-family-owned corporate farming, unconstitutional. The 8th Circuit also agreed with a lower federal court, which ruled that it effectively discriminated against out-of-state businesses.

Beef tenderness study results released

Increased aging times, slower chill rates, and a jump in branded beef programs are among the reasons beef tenderness has increased 18% over results recorded in 1999, according to the 2005 National Beef Tenderness Survey, a checkoff-funded effort that recently evaluated beef from retail and foodservice establishments in 11 U.S. cities.

Following a baseline survey of retail beef in 1990, tenderness performance increased 20%, according to findings in a 1999 study of both retail and foodservice beef cuts. The 2005 report marks the third national tenderness survey in the past 17 years.

Tenderness was rated by both trained consumer sensory panels and with the Warner-Bratzler shear force (WBSF) test, which determines the amount of force, in pounds, needed to slice a steak or beef cut. To view more detailed findings, visit www.beefboard.org.

ERS releases rural population, farm income reports

USDA's Economic Research Service (ERS) has released its latest research regarding rural population trends. The Rural Population and Migration Briefing Room encapsulates ERS research on population trends in rural America, including a recent slowdown in growth, increasing ethnic diversity, the challenges in serving an aging population, and the benefits accruing to those areas featuring natural amenities.

Visit www.ers.usda.gov/Briefing/Population/ for complete findings.

Africanized honey bees spread territory

ARS has released its six-month update of a map showing the spread of Africanized honey bees (AHB) by county and by year. According to ARS, the bees have continued their slow territorial expansion in the southern United States, and have now been confirmed in nine states. The map lists a county only when that state officially declares it to be Africanized. Human-assisted transported AHBs are not considered a territorial spread unless the honey bees become established beyond the original swarm find.

Visit www.ars.usda.gov/ahbmap for a detailed map.

NCBA launches TV program

The National Cattlemen's Beef Association (NCBA) has launched a weekly television program for America's cattle farmers and ranchers on RFD-TV. NCBA's "Cattlemen to Cattlemen" will air every Tuesday evening at 8:30 Eastern time. The program will be rebroadcast on Wednesdays at 4:30 a.m. and 12:30 p.m., and Saturdays at 10 a.m. (all times are Eastern).

According to NCBA, the program will include interviews with high-profile individuals, tips on low-stress cattle handling, market information and more.

RFD-TV is found on DISH Network channel 9409 and on DirectTV channel 379. It is also featured on many cable systems; check your local listings. For more information on NCBA's "Cattlemen to Cattlemen," visit www.cattlementocattlemen.org or www.beefusa.org.

2006 farm income forecast down

USDA has estimated net farm income will be down for 2006 compared to 2005 figures, *Farm Press* reported mid-January. The ERS has predicted net farm income to be \$58.9 billion in 2006, down from \$73 billion in 2005, but still slightly more than its 10-year average of \$57.2 billion. According to the article, the drop in the value of livestock production and direct government payments combined with an increase in the cost of inputs were the primary reasons for the anticipated decline.

Smithfield Foods phases out gestation stalls

Smithfield Foods Inc. announced Jan. 25 that it is beginning the process of phasing out individual gestation stalls at all of its company-owned sow farms and replacing them with pens — or group housing — during the next 10 years. Smithfield also will work with its contract growers regarding system conversion.

Gestation stalls and group housing are methods used by hog producers to house pregnant sows. The sows are kept in these facilities during their pregnancies, which last about 16 weeks, to closely monitor their progress.

According to Smithfield, the company has been researching penning systems at some of its hog farms in North Carolina. The second year of a study has been completed, and preliminary results indicate that, with proper management, group housing arrangements are equally as good as gestation stalls in providing proper care for pregnant sows.

For more information, visit www.smithfieldfoods.com.

New swine disease emerges

A new disease has taken swine producers, veterinarians and scientists across the country by surprise and left them searching for solutions, Kansas State University (K-State) reports.

Formerly known as Postweaning Multisystemic Wasting Syndrome (PMWS), Porcine Circovirus Associated Diseases (PCVAD) was discovered in the early 1990s by two Canadian veterinarians who associated the disease with an increased mortality rate in weaning pigs.

According to Lisa Tokach, an Abilene, Kan., veterinarian, the first PCVAD case in Kansas was discovered in November 2005, and new cases are developing almost every week.

The disease is species-specific, meaning it doesn't spread to other species, but other types of circoviruses have been found in birds. Scientists are unsure when a vaccine will be available in sufficient amounts for producers to purchase.

A brochure from the National Pork Board and the AASV, available at www.aasp.org/aasp/documents/PCVADBrochure.pdf, recommends some management practices producers can follow to reduce the risk of a PCVAD outbreak.

Washington Watch

Legislation could ban harvest of non-ambulatory animals

Legislation has been introduced in the House of Representatives that could ban the harvest of non-ambulatory animals, or so-called “downed animals.”

According to AMI, the bill, called the “Downed Animal and Food Safety Protection Act,” was introduced by Rep. Steven LaTourette (R-Ohio) and Rep. Gary Ackerman (D-N.Y.), and has 75 original co-sponsors. The companion bill in the Senate is sponsored by Sen. Daniel Akaka (D-Hawaii).

Both chambers have approved similar legislation previously, but the earlier bills have never received final passage by the full Congress, AMI reports. USDA already prohibits the harvest of non-ambulatory cattle.

Visit http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_bills&docid=f:h661ih.txt.pdf to view a full copy of the bill.

Property rights case heads for Supreme Court

NCBA, the Public Lands Council (PLC), the Wyoming Public Lands Coalition, the Oregon Cattlemen’s Association and the Nevada Cattlemen’s Association have filed an amicus brief with the U.S. Supreme Court in the case of *Wilkie v. Robbins*.

According to NCBA, the central issue surrounding the case is the right of private property owners to deny federal access to their property and the legal options available to them.

A dispute between Harvey Robbins and the Bureau of Land Management (BLM) began more than 10 years ago when Robbins purchased the High Island Ranch near Thermopolis, Wyo. At issue is whether Robbins had a right to deny the BLM access to his property. According to NCBA, in court cases during the past decade, Robbins won two preliminary victories in the U.S. district and circuit courts.

NCBA and PLC were to submit briefs Feb. 21, and oral arguments were scheduled for March.

Senate committee adds tax cuts to offset wage increase

The Senate Finance Committee voted late January to add \$8.3 billion in tax breaks for small businesses to legislation that would increase the minimum wage,

according to *Food Systems Insider*. Steve Anderson, president and chief executive officer (CEO) of the National Restaurant Association, stated the association commends the senators for granting small businesses the resources to offset minimum wage increases.

Industry Events

K-State Cattlemen’s Day

March 2, Manhattan, Kan.

K-State’s Cattlemen’s Day 2007 will be March 2 in Weber Hall and Arena. The Commercial Trade Show and Educational Exhibits will be in Weber Arena beginning at 8 a.m. The morning “Ethanol Byproduct Utilization Symposium” will begin at approximately 10 a.m. and will end with the Cattle Market Outlook.

Complete program and registration details can be found at www.asi.ksu.edu/cattlemensday.

Farm, Ranch Estate Planning Seminars

March, Texas

A series of Farm and Ranch Estate Planning Seminars are slated across Texas during March. The seminars are designed as a guide to making difficult estate planning decisions, and will include a thorough analysis of relevant income and estate tax rules that affect families and agricultural businesses.

The seminars are slated for March 6-7 in San Angelo at the Texas A&M University System Agricultural Research and Extension Center; March 13-14 in Houston at the Extension office in Harris County; and March 27-28 in Weslaco at the Texas A&M University System Agricultural Research and Extension Center.

Each seminar is from 9 a.m. to 4 p.m. Registration is limited, and the fee of \$125 per person covers all materials, refreshments and lunches. For more information or to register, contact Sharon Wehring at (979) 845-2226 or by email at s-wehring@tamuedu.

Outreach Seminars

March 16, South Carolina

The American Angus Association has several Outreach Seminars scheduled in the coming months, including one scheduled to begin at 3 p.m., March 16, prior to the South Carolina Angus Association Annual Meeting in Clemson, S.C.

Association staff will be on hand to discuss the latest in the beef industry and Association programs. In addition, Association members will have an opportunity to provide input to Association staff during interactive discussions about ways the Association can best serve members today and in the future. For more information about other Outreach Seminars or Association programs, visit www.angus.org or contact Shelia Stannard, director of communications and events, at (816) 383-5100.

NIAA 2007 Annual Meeting

April 2-5, Sacramento, Calif.

“BioFuels Energy: Animal Agriculture at the Crossroads” will be the theme of the National Institute for Animal Agriculture (NIAA) annual meeting at the Hyatt Regency in Sacramento.

Keynote speakers will address the topic of biofuels during the opening general session Monday, April 2. NIAA’s 12 species- and issue-based committees will host multiple seminars addressing other important issues on Tuesday and Wednesday, and a special issue-oriented symposium is scheduled for Thursday.

This special one-day symposium will consist of the role of animal agriculture and how to protect human health. Case study scenarios will focus on protecting and ensuring our food supply. More information regarding the one-day symposium will be forthcoming.

Meeting and symposium registration, hotel reservations and general information, including a tentative schedule of events, are all available on the NIAA web site at www.animalagriculture.org.

Meetings conducted in conjunction with the NIAA annual meeting are also scheduled. If you or your organization is interested in having a meeting in conjunction with the 2007 NIAA annual meeting, please email NIAA@animalagriculture.org or call (270) 782-9798.

