



# Beef Business

► A look at current events affecting the cattle industry

## Snow-plagued cattlemen continue recovery effort

At press time, producers in portions of Colorado, Kansas and Nebraska were still recovering from a series of winter storms that plagued the region at the turn of 2007, leaving thousands of residents without electricity, and thousands of cattle without feed or water.

National Guardsmen and volunteer crews were called out to drop hay to stranded livestock via helicopter, and crews were working around the clock to reset utility poles, restore electricity and dig out the snowbound.

Colorado officials compared the blizzard to a 1997 storm that claimed almost 30,000 head of cattle and cost ranchers \$33 million. The storm's severity prompted President Bush to sign emergency declarations for federal aid, while several cattlemen's organizations, including the National Cattlemen's Beef Association (NCBA),

launched disaster relief efforts. Visit [www.nationalcattlemensfoundation.org](http://www.nationalcattlemensfoundation.org) for details of NCBA's relief efforts.

## Premium Value Challenge winners announced

Producers using registered Angus bulls and enrolling in the AngusSource® program are realizing the value. AngusSource, a U.S. Department of Agriculture (USDA) Process Verified Program (PVP) that documents source, age and at least 50% Angus genetics, has announced its first round of winners in the Premium Value Challenge (PVC). Producers enrolled in AngusSource could enter the PVC by submitting sale information on their calves.

Once producers market their calves, they are asked to submit their sale information to AngusSource. Cattle that received more than a \$5-per-hundredweight (cwt.) premium over the Cattle-Fax mid-range weekly price for their region qualify for the PVC. The first

round of the PVC was conducted for cattle marketed from August through October 2006. The quarterly state winners and their sale information follow.

Homer Mundell, Walsh, Colo., received an \$8.00-per-cwt. premium for his steers. Jerry Timm, Victor, Iowa, received a \$6.50-per-cwt. premium for a lot of heifers. Doug and Janice Burgess, Homedale, Idaho, received an \$11.50-per-cwt. premium for their steers. In Kansas, DeAnn Ancell, Sylvan Grove, sold heifers at a \$14.00-per-cwt. premium; and Everett Thompson, Quenemo, sold steers for a \$5.75-per-cwt. premium. Junior and Carol Kearns, Brookfield, Mo., received an \$8.00-per-cwt. premium for steers. Ron Rupert, McCook, Neb., received a \$9.00 premium for his load of heifers. Kelly Albrecht, Wapanucka, Okla., received a \$12.50 premium for steers; and John Wright, Kaycee, Wyo., sold his steers for a \$15.50-per-cwt. premium.

The steers and heifers sold at premium through various marketing strategies, including private treaty, at a local auction market and via video auctions. Producers who are currently marketing their calves can still participate in the PVC, as it is conducted quarterly. Weekly winners receive an AngusSource cap, and state winners will receive an AngusSource wind shirt. For more information about AngusSource or the PVC, go to [www.angussource.com](http://www.angussource.com).

## USDA proposes import rule

The USDA's Animal and Plant Health Inspection Service (APHIS) announced Jan. 4 a proposal to expand the list of allowable imports from countries recognized as presenting a minimal risk of introducing bovine spongiform encephalopathy (BSE) into the United States. According to APHIS, Canada is the only country currently designated minimal-risk.

Agriculture Secretary Mike Johanns said, "We previously recognized Canada's comprehensive set of safeguards and we have now completed a risk assessment confirming that additional animals and products can be safely traded. Our approach is consistent with science-based international guidelines."

The proposal expands upon a rule published by APHIS in January 2005 — and

## 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 12.0 million head Dec. 1, 2006. The inventory was 2% above Dec. 1, 2005, figures and 6% above Dec. 1, 2004. This is the highest Dec. 1 inventory since the series began in 1996.

Placements in feedlots during November totaled 1.89 million, 8% below 2005 figures but 8% above 2004. Net placements were 1.81 million head. This is the second-lowest placements for the month of November since the series began in 1996.

Marketings of fed cattle during November totaled 1.80 million, 6% above 2005 and 10% above 2004 figures. This is the second-highest fed-cattle marketings for the month of November since the series began in 1996. Other disappearance totaled 83,000 head during November, 9% below 2005 figures, and 23% below 2004.

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

	No. of head (1,000 head)			2006 as % of	
	2004	2005	2006	2004	2005
On feed Nov. 1 <sup>a</sup>	11,334	11,473	11,969*	106	104
Placed on feed during Nov.	1,743	2,045	1,889	108	92
Fed cattle marketed during Nov.	1,635	1,701	1,802	110	106
Other disappearance during Nov. <sup>b</sup>	108	91	83	77	91
On feed Dec. 1 <sup>a</sup>	11,334	11,726	11,973	106	102

\*Revised.

<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.

contested by the Ranchers-Cattlemen Action Legal Fund United Stockgrowers of America (R-CALF USA) — that allowed the importation of certain live ruminants and ruminant products from countries recognized as minimal-risk.

In the current proposed rule, APHIS is proposing to allow the importation of:

- ▶ live cattle and other bovines for any use born on or after March 1, 1999, the date determined by APHIS to be the date of effective enforcement of the ruminant-to-ruminant feed ban in Canada;
- ▶ blood and blood products derived from bovines, collected under certain conditions; and
- ▶ casings and part of the small intestine derived from bovines.

The proposed rule was published in the *Federal Register* and is available online at [www.aphis.usda.gov](http://www.aphis.usda.gov). APHIS invites comments on the proposed rule, with consideration given to comments received on or before March 12. Send an original and three copies of postal mail or commercial delivery comments to Docket No. APHIS-2006-0041, Regulatory Analysis and Development, PPD, APHIS, Station 3A-03.8, 4700 River Rd., Unit 118, Riverdale, Md. 20737-1238. Or submit comments online at [www.regulations.gov](http://www.regulations.gov).

### R-CALF files appeal brief

In related news, R-CALF USA filed a 52-page brief urging the 9th U.S. Circuit Court of Appeals to remand the organization's litigation against the USDA back to a Montana district court where the arguments would be considered for judicial review.

R-CALF USA first filed litigation against USDA in January 2005, claiming the agency's final rule on "Minimal Risk Regions: Bovine Spongiform Encephalopathy and the Importation of Commodities" unjustifiably relaxed import restrictions for countries affected by BSE and was inadequate to protect the U.S. cattle industry from the introduction of BSE from Canada.

To view a copy of the organization's brief, visit [www.r-calfusa.com](http://www.r-calfusa.com).

### Feds raid Swift plants, workers face charges

The Department of Homeland Security (DHS) raided six Swift & Co. meat plants Dec. 12, 2006, in an effort to shut down illegal immigrants allegedly working there under stolen identities. During "Operation Wagon Train," more than 1,000 federal

agents swarmed plants in Greeley, Colo.; Hyrum, Utah; Marshalltown, Iowa; Grand Island, Neb.; Worthington, Minn.; and Cactus, Texas.

According to *Bloomberg.com*, investigators found evidence of "substantial" identity theft traced to a crime ring that produced fake documents for illegal immigrants, including birth certificates and Social Security numbers. *Meatingplace.com* reported that DHS's Immigration and Customs Enforcement (ICE) division has been investigating the crime ring since February 2006.

In a statement released by Swift, company chief executive officer (CEO) Sam Rovit said the meat-processing giant had not condoned the employment of unauthorized workers, nor ever knowingly hired such individuals.

According to sources, the plants raided produce all of Swift's U.S. beef and 77% of its pork, causing many economists to brace for mixed reactions in the cattle futures market and for higher retail beef costs and lower prices for producers due to increased operating costs incurred by meatpacking plants.

As of Jan. 8, almost 1,300 employees had been arrested and approximately 220 former Swift & Co. employees faced criminal charges. At press time, the investigation was still ongoing, however, 18 former employees were suing Swift & Co. for \$23 million.

*The Associated Press* (AP) reported the former employees, who worked at the Cactus, Texas, plant, claimed Swift and investment partner HM Capital Partners conspired to keep wages down by hiring illegal immigrants.

The DHS raid sparked national attention due to its potential influence on everything from immigration reform to cattle markets and retail beef.

### UC Davis launches FMD study

The Center for Animal Disease Modeling and Surveillance (CADMS) in the School of Veterinary Medicine at the University of California, Davis, has launched a nationwide research study aimed at protecting the livestock industry from the devastating consequences of foot-and-mouth disease (FMD).

Livestock producers throughout the nation are asked to participate in an online survey to gather data on animal movements and husbandry practices that will be used in a simulation model to predict the duration and magnitude of an FMD outbreak, as well as determine the best strategies for containment. This project is being conducted in collaboration with the National Center for

Foreign Animal and Zoonotic Diseases (FAZD) and is supported by the USDA and DHS.

FMD is one of the most highly contagious diseases affecting cloven-hoofed animals such as cattle, swine, sheep, goats and deer.

Tim Carpenter, director of the study, said the model will provide decision-makers with a valuable tool for rapid response and will help determine the best strategies to contain an outbreak.

According to CADMS, all information will be kept confidential and will only be used for modeling purposes. The online survey can be found at [www.cadms.ucdavis.edu](http://www.cadms.ucdavis.edu).

For more information contact Pelayo Alvarez at (530) 554-2988.

### South Korea rejects U.S. beef, threatens renewed ban

South Korean officials testing one of three U.S. beef shipments Dec. 21, 2006, discovered meat containing high levels of toxins, according to AP.

The article cited a National Veterinary Research and Quarantine Service official as saying 6.26 picograms of dioxin — a toxin believed to enter beef cattle through environmental pollution — was discovered in the shipment.

According to *Meatingplace.com*, USDA officials expressed skepticism. The agency was to file a formal request for information with Korean officials to determine testing technique and the type of dioxin recovered.

As a result of U.S. pressures to ease import restrictions, 17 South Korean legislators issued a statement warning U.S. officials they could reinstate the ban on U.S. beef imports if pressuring tactics continued.

USDA Deputy Undersecretary Chuck Lambert told *Meatingplace.com* the statement was somewhat insignificant since the South Korean market had yet to accept any U.S. beef.

### Researchers engineer 'BSE-free' cattle

U.S. and Japanese researchers have genetically engineered several cattle to be free from prions believed to play a role in BSE, according to the *Nature Biotechnology* journal. Findings suggest it could be possible to make animals immune to the disease. Research showed that after scientists extracted the gene responsible for making prions, animals did not contract BSE once exposed to prions associated with the disease, *Meatingplace.com* reports.

### FDA approves food from cloned animals

The Food and Drug Administration (FDA) announced late December 2006 that

food from cloned animals is safe for consumption, according to AP.

After a more than five-year study, the agency said food from cloned animals is “virtually indistinguishable” from conventional livestock. According to the article, FDA officials say special labels aren’t needed, but no official decision on labeling has been made. The agency will accept public comment on the issue.

### **U.S., Panama sign FTA**

The United States and Panama concluded free-trade agreement (FTA) negotiations in mid-December, the USDA announced.

Secretary Johanns said the agreement will open new export opportunities for the agricultural industry.

“In 2005, U.S. agricultural producers sold some \$200 million worth of products to Panama. Under this agreement, more than half of all current U.S. farm exports to Panama will become duty-free immediately, including high-quality beef, mechanically deboned chicken, turkey, pork variety meats, whey, soybeans, crude vegetable oils, cotton, wheat, barley, most fresh fruits, almonds, walnuts, and many processed foods such as soups, chocolate confectionary, distilled spirits, wines and pet food.”

In addition to tariff-rate quotas on pork, chicken leg quarters, dairy products and other staples, Panama is revising its sanitary and phytosanitary regulations recognizing the equivalence of the U.S. food safety inspection system for meat, poultry and processed food products.

“Panama will also provide market access for U.S. beef and poultry products consistent with international standards and recognize the U.S. beef grading system. In addition, this agreement streamlines import documentation requirements for U.S. processed foods,” Johanns said.

Panama’s tariffs on most remaining U.S. farm products will be phased out within 15 years, according to USDA.

### **USMEF: Japan market has opportunity**

The U.S. Meat Export Federation (USMEF) has recognized both challenge and opportunity for U.S. beef in the Japanese marketplace. Although meatcase competition from other countries has been fierce, USMEF’s Greg Hanes points to several tools U.S. beef exporters are using to restore confidence in U.S. beef among Japanese consumers. USMEF initiatives such as the “We Care” campaign include advertising, promotions and direct contact with important Japanese audiences, Hanes notes. Despite negative publicity about U.S. beef in Japan, Hanes adds that he believes attitudes

are slowly changing and opportunity remains great for U.S. exporters and producers hoping to increase U.S. beef imports into Japan.

### **USDA allocates \$385M for schools, roads**

Secretary Johanns announced more than \$385 million in Forest Service (FS) revenue will be distributed to 41 states and Puerto Rico for improvements to public schools, roads and stewardship projects.

“This is the sixth and final year of payments as authorized under the Secure Rural Schools Act and Community Self Determination Act of 2000,” Johanns said. “The Forest Service has distributed more than \$2 billion under this legislation since 2001 to assist counties in maintaining and improving local schools and roads.”

Since 1908, 25% of FS revenues, such as those from timber sales, mineral resources and grazing fees, have been returned to states in which national forestlands are located. The funds have been used for schools and roads as well as to create employment opportunities to maintain current infrastructure and enhance forest ecosystems, improving land health and water quality. Authority for the FS to make the payments expired at the end of fiscal year 2006.

For more information, visit [www.fs.fed.us](http://www.fs.fed.us).

### **Analyst forecasts short-term future for ethanol**

Andrew Gottschalk of Englewood, Colo.-based *HedgersEdge.com* projects the grain-based ethanol industry won’t have a long future, according to *The High Plains Journal*.

During a conference at Fort Hays State University, Gottschalk said that as corn prices increase, it will become increasingly expensive for ethanol plants to operate. Instead, he expects biodiesel — with similar energy output as conventional fuel and little byproduct — to have a more long-term future.

Visit [www.hpj.com/archives/2006/dec06/dec25/Analystseesnolong-termfutur.cfm](http://www.hpj.com/archives/2006/dec06/dec25/Analystseesnolong-termfutur.cfm) to read the article in its entirety.

### **Checkoff-funded web site showcases research projects**

The Cattlemen’s Beef Promotion and Research Board (CBB) has released a new web site showcasing checkoff-funded research projects. The site, [www.beefresearch.org](http://www.beefresearch.org), contains fact sheets and summaries, graphics, resource listings, related web sites, staff contacts and glossaries of terms. It is reader-friendly, CBB reports, and it presents facts and findings in layman’s terms.

Research presented on the site was managed by the checkoff-funded Center for

Research & Knowledge Management (R&KM) at NCBA in four priority areas: human nutrition, beef safety, market research and product enhancement. According to CBB, much of the information on the site has stemmed from cooperative research efforts at some of the country’s leading university agricultural and meat-science programs.

### **University, agencies fight Johnes disease**

Kansas cattle producers eager to prevent Johnes disease in their herds now have some help, thanks to the Kansas Voluntary Johnes Disease Control programs for dairy and beef cattle, according to Kansas State University (K-State) Research and Extension.

The programs, sponsored by K-State Research and Extension, the K-State College of Veterinary Medicine and the Kansas Animal Health Department (KAHD), have been funded by APHIS to help dairy and beef producers test their herds. The programs also can help producers develop management plans to reduce and prevent the disease.

To take advantage of the new program, producers should contact KAHD in Topeka at (785) 296-2326. The KAHD can provide a list of Kansas Johnes-certified veterinarians from which producers can choose to test their herd. The department will reimburse veterinarians a base fee for development of the herd risk assessment and herd management plans. Funds are also available to support diagnostic testing of a portion of the herd.

More information about the program is available by contacting any Kansas county or district K-State Research and Extension office.

### **ERS releases ag report**

To help Americans meet nutritional requirements while staying within caloric recommendations, the 2005 *Dietary Guidelines for Americans* encourages consumption of fruits, vegetables, whole-grain products and fat-free or low-fat milk or milk products. USDA’s Economic Research Service (ERS) has released a report detailing the potential implications for U.S. agriculture if Americans changed their consumption patterns to meet some of those guidelines.

According to the report, titled “Possible Implications for U.S. Agriculture From Adoption of Select Dietary Guidelines,” domestic crop acreage would need to increase by an estimated 7.4 million harvested acres (or 1.7% of total U.S. cropland in 2002) for Americans to meet the fruit, vegetable and whole-grain recommendations. To meet dairy guidelines,

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U.S. dairy farmers would need to raise annual production of milk and milk products by 65%. An increase of that magnitude would require an increase in the number of dairy cows as well as increased feed grains and, possibly, increased acreage devoted to dairy production.

Visit [www.ers.usda.gov/Publications/ERR31](http://www.ers.usda.gov/Publications/ERR31) to view the report in its entirety.

### DTN acquires *The Progressive Farmer* magazine

DTN, a provider of real-time market, news and weather information services for agricultural and energy markets, announced Jan. 2 it has acquired *The Progressive Farmer* magazine. *The Progressive Farmer* is a farm lifestyle publication from Time Inc., a subsidiary of Time Warner. Terms of the deal were not disclosed.

### Schering-Plough Animal Health expands

Schering-Plough Animal Health announced mid-December 2006 it is expanding its U.S. cattle operation in order to strengthen its presence and be more aligned with its veterinary and beef and dairy customers.

According to a company release, Schering-Plough plans to create separate business units for beef and dairy, each with dedicated and specialized field forces, marketing staff support and account management teams. The group will be located in Omaha, Neb., within the new Schering-Plough Animal Health global distribution facility expected to open in early 2007.

## Washington Watch



### Congress convenes under Democratic power

The 110th U.S. Congress convened Jan. 4, with Democrats controlling both the U.S. House of Representatives and the Senate — a first for the Bush Administration, now in its sixth year.

According to CNN, the Democrats' ambitious agenda included lobbying reform, raises in the national minimum wage, implementation of the 9/11 Commission recommendations, and reduction of prescription drug costs and of college loan interest rates for students.

It remains uncertain how the shift in legislative power will affect agricultural issues and policy.



### Pelosi named speaker

Nancy Pelosi (D-Calif.) made history on the first day of the two-year session, becoming the first woman to ever take the gavel as the speaker of the House. Elected by a 233-202 party-line vote, Pelosi promised a new direction for the war in Iraq among other renewed initiatives.

## Industry Events



### Ag marketing short courses December 2006-March 2007, Texas

As part of Texas A&M University Extension's Master Marketer Educational System, the Advanced Topic Series will feature short courses designed to help producers get up-to-date marketing information from experts. The short courses combine lectures, small working groups and simulation exercises into one- and two-day courses.

Courses are from 9 a.m. to 4 p.m., and registration is required one week prior to the course.

Coursework includes the Crop/Livestock Insurance workshop Feb. 26 at Texas A&M University System Agricultural Research and Extension Center in Vernon. The cost is \$75.

For more information and a complete schedule, contact Steve Amosson at (806) 677-5600 or Mark Waller at (979) 845-1751, or any Extension economist or educator. A brochure and registration form can be found at <http://mastermarketer.tamu.edu>.



### Ag Conference for Women Feb. 9-10, Hutchinson, Kan.

The farm management conference for women will focus on successful business strategies and risk management. Themed "Moving Ag Women Forward," the conference will be at the Grand Prairie Hotel and Convention Center in Hutchinson. It is geared toward women who are choosing agribusiness as a career and taking active roles in farm management.

Conference topics will include managing a business in an ever-changing world, avoiding management mistakes and conflicts in family businesses, adding humor, and identifying new opportunities in rural communities.

The conference is meant to provide an opportunity for women in agriculture to network with other women.

Registration forms and more information are available at 1-866-FARM-KSU (1-866-327-6578) or at [www.womenmanagingthefarm.info](http://www.womenmanagingthefarm.info).

The conference is the result of a contractual partnership with USDA's Risk Management Agency (RMA) Community Outreach and Assistance Partnership Program and with regional partners that include both educators and farm service providers.



### Rural Kansas conference Feb. 16-17, Manhattan, Kan.

The conference is "Well Being of Rural Kansas: Healthy People, Healthy Environment and Healthy Economies" and will take place at the K-State Alumni Center at the campus in Manhattan. Sponsored by K-State's Kansas Center for Sustainable Agriculture and Alternative Crops (KCSAAC) and the Kansas Rural Center, the conference is designed to address agricultural topics affecting both Kansas agricultural producers and rural communities.

Topics will include research pertaining to farmers' markets, grass-fed beef production, U.S. farm policy, social justice issues, alternative energy sources, local food systems, immigration in rural Kansas, environmental issues and more.

One-day early registration, at \$40, is due by Feb. 9. The fee after that date and at the door is \$50. The two-day early registration fee is \$80, due Feb. 9, and \$100 after that date. Registration fees include conference materials, refreshments and a lunch featuring locally grown foods.

Details and registration information for the conference are available at [www.dce.ksu.edu/sustainableag/](http://www.dce.ksu.edu/sustainableag/) or by calling K-State's Division of Continuing Education at (785) 532-5575.



### 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 4 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](http://www.angus.org) or contact Shelia Stannard, director of communications and events, at (816) 383-5100.