



# Beef Business

► A look at current events affecting the cattle industry

## National CUP Lab introduces new ultrasound interpretation system

The National Centralized Ultrasound Processing (CUP) Lab & Technology Center recently announced the completion and introduction of computer software that offers “chute-side” image interpretation of beef cattle in addition to state-of-the-art image capture technology. CUP’s Ultrasound Image Capture System, or UICS, estimates U.S. Department of Agriculture (USDA) Yield Grade and Quality Grade as animals are scanned. This feature allows feedlot operators to make sorting or marketing decisions before the animal leaves the chute. Commercial cattlemen can also use the software to adjust replacement heifers to a common age to make breeding or culling decisions.

## Organic meat sales show huge gains

Sales of organic meat have increased more than tenfold in the past five years, to an estimated \$364 million in 2007, compared to \$33 million in 2002, according to new research from Chicago-based Mintel.

The research cited high production costs, lack of certified harvest facilities and processing plants and inadequate distribution infrastructure as challenges for the U.S. organic meat industry, according to a report on *MeatingPlace.com*.

Organic food sales overall have grown 132% since 2002, and together the organic food and beverage markets now account for nearly \$6 billion annually, Mintel says.

Growth in the segment will not continue at its current pace, however, Mintel predicts. Organic food sales are expected to rise 59% by 2012.

## U.S. beef airs complaints with ITC

At a Nov. 15 hearing called by the International Trade Commission (ITC), the National Cattlemen’s Beef Association (NCBA) said South Korea’s trade barriers on U.S. beef were costing the U.S. beef industry billions of dollars. With a fully open Seoul market, it contended, U.S. beef exports would have totaled \$1.53 billion this year, *Yonhap News* reported.

“Constrained by Korea’s beef ban, the United States lost estimated exports of 1.453 million metric tons valued at \$4.8 billion from 2004 to 2007,” NCBA said, adding that the industry suffered additional losses by virtue of retaining domestic beef that could have been sold overseas.

## Don’t procrastinate if short on hay

During the National Hay Association Annual Convention, the underlying tone was that of short hay supplies and increasing prices.

Several areas of the country have experienced drought this year while other areas saw record rainfall and had trouble making hay. It adds up to a hectic and uncertain winter-feeding season.

Many producers know firsthand about the effects of drought. Several states are currently in an “extreme hydrological drought.” That coupled with the early April freeze means hay supplies for many producers are inadequate for the upcoming feeding season.

Anyone needing or wanting to purchase hay for their livestock feeding needs should not “wait to see what the market will do.” National supplies are low (except for pockets of hay in states like Arkansas, Missouri, Oklahoma and Texas), and prices are on the rise.

Determine what your hay needs are going to be, and try to lock in a supply now rather than waiting. If you find hay that will work for your operation, visit with the producer or broker to ensure that the hay will be available for your entire feeding period. However, be careful about “putting money down” or “up front” to hold the hay.

Once you receive your hay, have it tested. When you receive the results, visit with your County Extension educator, nutritionist or veterinarian and formulate a ration that will allow you to maximize the utilization of that

hay and ensure that your livestock receive the necessary nutrition to make it through until spring.

### AMS extends back verification

The Agriculture Marketing Service (AMS) Audit, Review and Compliance (ARC) branch announced Nov. 28 during an industry call that it has extended the use of back verification as a means of cattle age verification.

In late October, the USDA announced back verification would no longer be used as of Jan. 1, 2008, and by that date all animals would have to be qualified at premises of birth to participate in the agency's age verification program. ARC has postponed indefinitely the Jan. 1 implementation date while it conducts further investigation. The procedures for back verification have not changed and can be used to qualify cattle for age verification until further notice.

### Keynote speakers announced for ILC

Addressing the issues of global consumer demands [that] are placing new perspectives, requirements and procedures on U.S. beef producers during the International Livestock Congress (ILC) 2008 will be eight industry leaders recognized for their knowledge, experience and vision of the global beef industry, announced ILC-USA 2008 program co-chairmen Mark Gustafson, vice president international sales, JBS USA, and Clint Peck, director of Montana Beef Quality Assurance, Montana State University.

The Global Consumer Demand Panel to be moderated by Harry Knobbe, Harry Knobbe Feed Yards, West Point, Neb., will consist of John Brook, regional director Europe, Russia and the Middle East, U.S. Meat Export Federation (USMEF); Joel Haggard, senior vice president, Asia-Pacific, USMEF; John Lundeen, executive director market research, NCBA; and Homero Recio, Chief Operating Officer (COO), Agri-West International Inc.

For the complete ILC-USA 2008 program, pre-congress tours and registration information, visit [www.theisef.com](http://www.theisef.com).

The ILC-USA 2008 will be at the Renaissance Denver Hotel.

### Japan refuses U.S. beef again

Despite having in its hands the same scientific data that prompted the World Organization for Animal Health (OIE) to classify the United States as a controlled-risk region for bovine spongiform encephalopathy (BSE), Japan continues to

## 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 11.8 million head Nov. 1, 2007. The inventory was 2% below Nov. 1, 2006, figures but 3% above Nov. 1, 2005, figures.

Placements in feedlots during Oct. totaled 2.72 million, 12% above 2006 figures and 3% below 2005 figures. Net placements were 2.67 million head.

Marketings of fed cattle during Oct. totaled 1.88 million, 6% above 2006 figures, and 8% above 2005 figures. Other disappearance totaled 47,000 head during Oct., 42% below 2006 figures and 19% below 2005 figures.

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

	No. of head (1,000 head)			2007 as % of	
	2005	2006	2007	2005	2006
On feed Oct. 1 <sup>a</sup>	10,482	11,385	10,967	105	96
Placed on feed during Oct.	2,788	2,430	2,716	97	112
Fed cattle marketed during Oct.	1,739	1,765	1,876	108	106
Other disappearance during Oct. <sup>b</sup>	58	81	47	81	58
On feed Nov. 1 <sup>a</sup>	11,473	11,969	11,760	103	98

<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.

stonewall Washington on its repeated pleas for Tokyo to adhere to OIE guidelines.

In crafting a free-trade agreement with the Association of Southeast Asian Nations (ASEAN) on Tuesday, Tokyo agreed to eliminate tariffs on 90% of ASEAN imports, but beef, among other agricultural products, would remain protected.

**Hitch resigns as NCBA president-elect**

Paul Hitch, a cattle producer from

Guymon, Okla., has resigned as president-elect of the NCBA to focus on his battle with cancer, NCBA announced Nov. 27.

Per NCBA bylaws, the association's vice president, Andy Groseta, a cattle producer from Cottonwood, Ariz., automatically assumes the president-elect post. Groseta will succeed John Queen, a cattle producer from Waynesville, N.C., as president following the association's upcoming annual meeting in Reno, Nev., Feb. 6-9.

The vice president position will remain vacant until the nominating committee presents a full slate of officers for consideration at the annual meeting.

**USDA streamlines forms and rules for farm loan programs**

Acting Agriculture Secretary Chuck Conner said Nov. 8 that the forms and rules for USDA's Farm Loan Programs will be modernized by Jan. 1, 2008, to make it easier for America's farmers, ranchers and producers to apply for loans.

During the past few years, USDA's Farm Service Agency (FSA) has streamlined specific areas of its farm loan programs, such as the Guaranteed and Emergency Loan Programs, by revising loan-making and servicing requirements and procedures to better serve applicants and borrowers.

Direct Loans Programs streamlining includes:

- ▶ Reducing the number of pages in the Code of Federal Regulations necessary to administer the Farm Bill Programs by more than 80%;
- ▶ Modifying requirements to more closely conform to those used by other lenders;
- ▶ Ensuring all forms are available online;
- ▶ Cutting nearly in half the number of forms required; and
- ▶ Making guidance more manageable by replacing nearly 40 instruction manuals with six handbooks.

## Washington Watch

### **USDA sponsors NAIS outreach and education conference**

Officials from the USDA's Animal and Plant Health Inspection Service (APHIS) Nov. 8 joined representatives from Hispanic serving institutions and community-based organizations, along with state officials and producers to forge partnerships within Latino communities for outreach and education on the National Animal Identification System (NAIS).

The conference, hosted by the Texas/Mexico Border Coalition and the University of Texas Pan America, gave participants an opportunity to learn more about NAIS, as well as to jointly develop NAIS outreach strategies tailored to the needs of Hispanic producers.

### **NCF partners with USDA to register premises for NAIS**

USDA announced a partnership with the National Cattlemen's Foundation (NCF) in cooperation with the NCBA. The partnership will facilitate the registration of additional

CONTINUED ON PAGE 156

cattle premises as part of the NAIS.

Under the terms of the agreement, the NCF and NCBA will use print and electronic media opportunities, including *National Cattlemen* magazine and NCBA's *Cattlemen to Cattlemen* television program and radio segments to create a foundation for future cattleman-to-cattleman outreach efforts.

### **Philippines allows full market access for U.S. beef**

Acting Agriculture Secretary Chuck Conner announced Nov. 16 that the Philippines has fully complied with international trade standards regarding beef and beef products by allowing complete market access for U.S. beef and beef products of all ages.

"I applaud Philippine Agriculture Secretary Arthur Yap for making a decision that is based on sound science and in line with international guidelines," Conner said. "The Philippines has set the standard for other Asian nations, and we will continue to press for full market access throughout the Pacific Rim."

In May 2007, the OIE formally classified

the United States as a controlled risk country for BSE. This status confirms that U.S. BSE regulatory controls are effective and that U.S. beef and beef products of all ages can be safely traded.

Recent bilateral discussions between USDA and the Philippines' Department of Agriculture resulted in this market expansion and an agreement to allow for U.S. beef and beef products of all ages. Previously, imports of U.S. beef and beef products were restricted to boneless beef and offal from cattle less than 30 months of age.

The United States exported \$4.9 million of beef and beef products to the Philippines in 2003. That market was closed when BSE was detected in the United States in an imported cow from Canada in December 2003. U.S. beef exports to the Philippines reached \$6.3 million in 2006 when partial market access was achieved. Under this new agreement, USDA estimates that U.S. beef exports to the Philippines could potentially double in 2008.

More than 100 countries now allow the entry of at least some U.S. beef and beef products.

### **Cattlemen eager for President's signature on Peru trade deal**

The U.S. Senate overwhelmingly

approved the Peru Trade Promotion Agreement (PTPA) by a vote of 77 to 18.

The NCBA called the move positive for global trade and U.S. agriculture. With beef production comprising less than 8% of Peru's total agriculture gross domestic product, Peru could be an outstanding export market for U.S. beef. For U.S. cattle producers, the improved access provided in this agreement could amount to roughly \$15 million per year.

"Under this agreement, Peru will immediately eliminate duties on high-quality beef and provide duty-free tariff rate quotas (TRQs) on standard beef cuts," says Stacey Satterlee, NCBA director of legislative affairs.

Other key components of this agreement are Peru's implementation of OIE-consistent import measures for beef, and Peru's agreement to recognize the equivalence of the U.S. beef inspection systems. Peru has also committed in writing to specific Sanitary and Phytosanitary (SPS) terms.

President Bush, a staunch supporter of the Peru agreement, will likely waste no time in signing the agreement, NCBA said in a news release. Focus now turns to trade agreements with Colombia and Panama, currently awaiting Congressional consideration.

Like the Peru free-trade agreement, deals

## ▣ BEEF BUSINESS

with Colombia and Panama allow for duty-free treatment of high-quality U.S. beef on Day 1 of implementation. Both Colombia and Panama have put in place import measures consistent with OIE guidelines and have agreed to recognize the U.S. beef inspection system as equivalent. These agreements have also broken down pre-existing SPS and technical barriers.

Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA) called the PTPA vote a detriment to the U.S. cattle industry. Its reasons for opposition were outlined in a release posted in the Dec. 4, 2007, Angus e-List. R-CALF USA has been working to see the following general

improvements included in all trade agreements that are important to the U.S. cattle industry:

- ▶ The classification of cattle and beef as perishable and cyclical items, and considered like/kind products.
- ▶ The establishment of quantity and price safeguards.
- ▶ The strengthening of rules of origin (born, raised and slaughtered).
- ▶ The upward harmonization of import health and safety standards.

## Industry Events



### Angus Outreach Seminars Texas, Idaho

The American Angus Association has an

Outreach Seminar planned for Thursday, Jan. 24, in Fort Worth, Texas. The Seminar is set for 6 p.m. to 8 p.m. at the Southwestern Exposition and Stock Show in conjunction with the Texas Angus Association Annual Meeting.

Another Outreach Seminar will be Tuesday, Jan. 29, in Idaho Falls, Idaho. The seminar will begin at 1 p.m. at the Aussie Eats Restaurant at the Guesthouse Inn, 850 Lindsay Ave. A no-host lunch from 11:30 a.m. to 1 p.m. will precede the seminar, which usually lasts three hours and allows for plenty of interaction between the Association staff and those in attendance.

For more information contact Jim Shirley or Shelia Stannard at 816-383-5100 or visit [www.angus.org](http://www.angus.org).

