

# At Cattle Industry Summer Conference Producers Celebrate Wins, Plan for Future Battles

Story & photos by **Troy Smith**



► NCBA President and Texas rancher Jim McAdams leads a collective “yee-haw” as association members celebrate affirmation of the beef checkoff and passage of CAFTA-DR.



► Cozad, Neb., cattleman Al Svajgr currently serves as chairman of the CBB, which is responsible for administering the \$1-per-head beef checkoff. Svajgr cited results of a recent survey indicating more than 70% of beef producers believe the checkoff has contributed to growth in beef demand.

The 2005 Cattle Industry Summer Conference, conducted in late July, opened on a celebratory note. National Cattlemen’s Beef Association (NCBA) president and Texas rancher Jim McAdams said the nearly 1,000 attendees gathered in Denver, Colo., had two reasons to cheer. The first reason was the Supreme Court decision strongly affirming the constitutionality of the \$1-per-head beef checkoff. The second reason cited was passage of the U.S. Central America-Dominican Republic Free Trade Agreement (CAFTA-DR).

McAdams encouraged his audience to celebrate both outcomes, noting how NCBA members had worked long and hard to defend the checkoff and to advocate foreign trade agreements that would reduce and eventually eliminate duties levied on U.S. beef.

“This meeting should be about celebration of our successes,” McAdams said, “but it’s also about renewing our focus and moving forward.”

During the four-day conference, beef producers attended sessions providing information on current issues. NCBA members then scattered to various policy committee meetings to chart the organization’s course. Dominant issues included bovine spongiform encephalopathy (BSE), animal identification (ID), international marketing and ag policy. Members of the Cattlemen’s Beef Promotion and Research Board (CBB), which administers the beef checkoff, also met to discuss investments in programs designed to enhance beef demand.

## BSE resurfaces as headline

On the eve of the summer conference, the U.S. Department of Agriculture (USDA) had announced a “non-definitive” test result for a potential case of BSE. During a BSE issues forum, John Clifford, deputy administrator for veterinary services at the USDA Animal and Plant Health Inspection Service (APHIS), told a standing-room-only crowd about the July 27 announcement and conclusive testing procedures to determine whether this incident represented the second case of BSE in a U.S.-born animal. (Following further testing

at laboratories in Ames, Iowa, and in Weybridge, England, the cow in question proved negative for BSE. The negative results were announced by USDA Aug. 3.)

NCBA staffers provided information regarding proposed changes by the Food and Drug Administration (FDA) to rules affecting use of ruminant byproducts in animal feeds. Ruminant meat-and-bone meal have been banned from use in ruminant feeds since 1997. It has been proposed that specified risk materials (SRMs), such as brain and spinal cord, be prohibited as ingredients in all livestock and pet feeds. Also proposed is prohibition of all dead, dying or disabled animals.

Clifford said his agency’s disease surveillance program indicates the current feed ban is working, and the U.S. herd will approach zero risk of BSE when all cattle born before 1997 are gone from the population. While he believes surveillance should continue for an extended period, Clifford said BSE is “on the decline” because of ruminant feed regulations.

“This disease is dying,” Clifford stated. “It’s time to treat the disease as it should be treated and open borders of trade.”

## International trade

While experts claim the disease is in decline, the politics of BSE remain an obstacle to international trade negotiations. When U.S. beef producers lost access to Japan and South Korea in December 2003, they lost 80% of their export market. According to NCBA economist Gregg Doud, for each week that those markets remain closed, U.S. producers lose an estimated \$60 million in export sales.

Doud told conference attendees that Japan remains the key market. Once it is opened, others will follow. However, he said negotiating with Japan is an unbelievably delicate process. The Japanese have seemingly no scientific basis for using BSE to shun U.S. beef, and their refusal to accept it runs afoul of World Trade Organization (WTO) standards; however, Doud said the issue can’t be forced. He believes turning the matter over to the WTO could delay negotiations for another two years, at



► John Clifford, deputy administrator of APHIS Veterinary Services, talked about USDA's efforts regarding BSE. Internationally, he said, the disease is dying. He credited implementation of bans on use of ruminant byproducts in cattle feeds.

minimum. Refusing to buy Japanese cars until Japan buys U.S. beef won't help either.

"We can't force a sovereign country to buy from us. A trade war won't do it," stated Doud. "It's incredibly frustrating, but we have to stay focused on our objective of getting into Japan on good terms."

While progress has been slow, Doud said negotiations are progressing. Foreign market access for beef has become a priority for the Bush administration.

"Beef is always included in trade discussions, and that has never happened before," Doud added.

During international marketing discussions, the European Union (EU) was called a market of opportunity, despite EU refusal to accept beef produced with growth-promoting hormones. Philip Seng, of the U.S. Meat Export Federation (USMEF), said EU beef consumption is 42 pounds (lb.) per capita and growing, while its own beef production has declined following reductions in producer subsidies. There is ample opportunity for qualified U.S. producers to serve growing EU demand for non-hormone, grain-fed, high-quality product.

"It takes extra effort," Seng said, "but it's worth it."

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## Environmental award nominees selected

The National Cattlemen's Beef Association (NCBA) recognized the seven regional winners of its 2005 Environmental Stewardship Award Program (ESAP) July 28 during the 2005 Cattle Industry Summer Conference. The program is in its 15th year and is sponsored by Dow AgroSciences LLC and the Natural Resources Conservation Service (NRCS).

The annual award program recognizes cattle producers across the nation whose stewardship practices are innovative, cost-effective and contribute to environmental conservation. One of the seven regional winners will be selected as the national winner and announced in February 2006 at NCBA's Annual Convention, also in Denver. For additional information contact NCBA's Washington, D.C., office at (202) 347-0228.

Regional winners include:

- **Region I:** Robert and Kate Boyce, Li'l Ponderosa Ent., of Carlisle, Pa.  
Li'l Ponderosa Ent. is three business entities operating out of one address and includes Angus cattle, thoroughbred horses and a combination of several distributorships for products directly related to grazing solutions. The Boyces were nominated for the award by the Pennsylvania Cattlemen's Association.
- **Region II:** The Lightsey family, Lightsey Cattle Co., of Lake Wales, Fla.  
Lightsey Cattle Co. is a diverse business with three separately located ranches, whose daily operations include a cow-calf operation, preconditioning feedlot, guided hunting, citrus groves, the cutting of timber, sod and seed, and ecological tours of the ranches. The Lightseys were nominated for the award by the Florida Cattlemen's Association.
- **Region III:** The Lee Faris family, Faris Farms of Mount Ayr, Iowa.  
Faris Farms, located in the rolling hills of south-central Iowa, is a commercial cow-calf and backgrounding operation with crops that include corn, soybeans, oats and alfalfa hay. Cattle provide the major income source, with approximately 190 head. The Faris family was nominated for the award by the Iowa Cattlemen's Association.
- **Region IV:** Richards Ranch, Jacksboro, Texas.  
Richards Ranch, a 139-year-old north Texas ranch, is in Jack County and encompasses 15,000 privately owned acres. Richards Ranch runs approximately 950 head of cattle and is primarily a cow-calf operation. The ranch was nominated by the Texas and Southwestern Cattle Raisers Association (TSCRA).
- **Region V:** The Sims family of Sims Cattle Co., McFadden, Wyo.  
Don Sims and his two sons, Scott and Olin, have established a partnership that makes up Sims Cattle Co. LLC. The ranch is located in the Rock Creek Valley in Carbon and Albany counties and is approximately 45 miles northwest of Laramie. They were nominated by the Wyoming Stock Growers Association.
- **Region VI:** The Walter W. Ralphs and Jim & Mary Rickert families of Prather Ranch, Fall River Mills, Calif.  
Prather Ranch is a diverse cattle and farming operation, including cow-calf, feeder, feedyard, harvest facility and retail meat outlets. The cattle herd consists of approximately 4,000 head being grazed on 28,555 acres of deeded and leased land in northern California. They were nominated by the California Cattlemen's Association.
- **Region VII:** The Chan Gates family of Gates Angus Ranch, Coldwater, Kan.  
Gates Angus Ranch, owned by the Gates Family Trust, operates as a cow-calf and surrogate cow herd and grazing business. Chan Gates manages the ranch along with his mother, Valerie; his wife, Susan; and their three children. They were nominated by the Kansas Livestock Association.

Source: NCBA.



► Washington, D.C., political analyst and reporter James Wiesemeyer said the federal deficit and the cost of war in Iraq and Afghanistan will drive budget decisions in Congress. He anticipates strong sentiment for cutting farm bill expenditures.

### Animal ID

Because of BSE, Seng said information has become a cost of admission to foreign markets. Demand for age, source and process verification is driving development of individual animal ID systems among major beef-producing nations around the world. In the U.S., traceability for animal disease surveillance has driven USDA's push for a National Animal Identification System (NAIS). USDA has proposed a mandatory government-controlled program for implementation by 2009.

During the conference, information regarding an NCBA-led initiative for an industry-driven animal ID program was presented. Project coordinator and Nebraska producer Allen Bright said it differs from the government strategy in that ownership and management of a central database would be kept in private hands. The initiative calls for collaboration with other livestock groups to establish an independent, nonprofit consortium to administer a multi-species program.

Bright said the only part of national ID that belongs in the public arena is data needed for disease surveillance. If government controls the information with various agencies having unfettered access, he fears there may be no way to protect it from prying eyes.

"We have to maintain a relationship with

APHIS and make sure the system accommodates their needs," Bright offered. "But, while they think they need to hold the database, we want to keep information on animal movements and ownership in private hands. We believe keeping the data confidential fits under protection of private property rights."

Increasing numbers of producers already identify individual animals and group lots for genetic tracking as well as source and process verification required by various value-added marketing systems. Bright believes a private sector-based program would attract willing participation by more producers because of the value animal ID can add to their product. The program will be producer-funded, with an estimated cost approaching \$100 million per year.

However, advocates believe its enhancement of value-added marketing provides the opportunity for producers to recover more than the cost.

The initiative calls for a hastened timeline. Testing of the system is scheduled to begin in October 2005, with full implementation by January 2006.

### Ag policy

In the Agriculture Policy Committee meeting, NCBA Manager of Legislative Affairs Colin Woodall said passage of CAFTA-DR corrects a situation where beef from Central American countries entered the U.S. duty-free, while U.S. beef was subject to high tariffs. The agreement calls for immediate lifting of tariffs on high-quality U.S. beef and the eventual removal of tariffs on all U.S. beef products.

Woodall also discussed the Death Tax.

"We are continuing to push for full repeal of the Death Tax, hoping for Senate action by September," Woodall reported. "Otherwise, debate could be pushed into 2006 — an election year — which could make it more complicated."

Washington, D.C., political analyst and reporter James Wiesemeyer expressed doubt that the Senate would support a complete repeal of estate taxes, due to concern about the \$300 billion federal budget deficit. Also

unlikely, according to Wiesemeyer, are cuts to defense spending, social security, or Medicare and Medicaid. He advised producers to expect farm program spending to be trimmed.

"The administration advocates cutting \$3 billion over five years from farm bill expenditures," Wiesemeyer said. "Look for the next farm bill to be leaner and greener. Environmental and animal welfare issues are very much alive."

Asked for his opinion regarding potential nominees for the next presidential race, Wiesemeyer quipped, "Never underestimate a Clinton." To the suggestion that Condoleezza Rice might be a Republican candidate, he replied, "I don't know, but it would be an interesting debate."

### Checkoff

In discussions regarding the beef checkoff, CBB Chairman and Nebraska cattleman Al Svajgr reported results of the latest semiannual survey to determine the level of producer support for the program. Svajgr said more than 70% of respondents expressed support for the checkoff, and a similar percentage said they believed checkoff investments have contributed to growth in beef demand. Seventeen percent of respondents disapproved of the checkoff, while 12% were undecided.

CBB action included trimming the administrative budget by \$185,000, and shifting \$2 million from \$5 million in reserves to boost funding of promotion, research and information programs. CBB members approved a \$52 million budget for fiscal year (FY) 2006, which begins Oct. 1. A breakdown of budget allocations includes promotion, \$25.5 million; research, \$7.3 million; consumer information, \$5.8 million; industry information, \$1.35 million; foreign marketing, \$5.1 million; producer communication, \$2.2 million; unallocated programs, \$2.18 million; evaluation, \$230,000; program development, \$120,000; USDA oversight, \$200,000; and administration, \$2.065 million.





# 2005 Cattle Industry Summer Conference

Almost 1,000 cattlemen met in July to discuss industry issues and decide policy.

Cattle producers come together every summer at the Cattle Industry Summer Conference to discuss current issues as a group, to work on programs and initiatives, and to set the course for various projects geared toward the betterment of the cattle industry. The 2005 Cattle Industry Summer Conference took place July 26-30 in Denver, Colo., and featured meetings of the National Cattlemen's Beef Association (NCBA), Cattlemen's Beef Promotion and Research Board (CBB), American National CattleWomen Inc. (ANCW), Cattle-Fax and the National Cattlemen's Foundation (NCF).

Industry members met in NCBA regional caucus meetings, and in both NCBA policy and joint committees and subcommittees to discuss current developments, to work on initiatives developed at February's annual convention in San Antonio, and to make plans for fiscal year (FY) 2006, which begins Oct. 1. Issues forums were open to all registered attendees, and a CBB meeting and NCBA board of directors meeting were also scheduled.

## CBB approves FY 2006 budget

The CBB approved a \$52 million beef checkoff budget for FY 2006 during its summer meeting, culminating a yearlong budgeting process and several days of joint industry committee meetings to consider specific proposals for checkoff funding.

For a breakdown of that budget, see "Producers Celebrate Wins, Plan for Future Battles" on page 326. USDA must approve the budget before any funds are expended.

Included in the budget recommendation, CBB members voted on two budget amendments that stemmed from recommendations made earlier in the week by the Beef Board Executive Committee and its Administration Subcommittee. Those amendments increased the total budget for national checkoff programs by \$2 million in FY 2006 by decreasing the Beef Board's reserve from \$5 million to \$3 million and shifting \$185,000 from the administrative budget to the unallocated program budget.

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## Border issues may affect market, but impact minimal

During the conference the status of live cattle trade with Canada remained a main topic of discussion. Following a ruling by the U.S. Court of Appeals for the Ninth Circuit, the border is now open to Canadian cattle less than 30 months of age. The ruling overturned a temporary injunction issued earlier by a district court in Montana that extended a complete ban on live cattle imports from Canada, but the district court judge may still hear a motion calling for a permanent injunction.

While the uncertain status of the Canadian border creates some anxiety in the psychology of the U.S. cattle market, the real effects of reopening the border to live cattle should be very limited, Randy Blach, Cattle-Fax general manager, said.

"The important factor to remember is that the United States has been importing record-large amounts of Canadian boxed beef since March, so the border opening to live cattle is not as significant as some reports would have you believe," Blach said.

Blach added that imports of Canadian boxed beef (also limited to beef from cattle less than 30 months of age) were already expected to be nearly 30% larger in 2005 than in 2004, so the net effect of lifting the live cattle ban should be minimal. He expects that once the psychological effects of the border issue subside, U.S. feeder cattle and calf prices will be only slightly affected.

"Opening the border will allow the market to determine if it's more efficient to bring beef products or cattle from Canada, so adding live cattle to the mix will not significantly change the net result," Blach said. He added that several factors favor feeder cattle remaining in Canada. These factors include increased packing capacity, abundant feed supplies north of the border and a Canadian dollar that is at its strongest level against the U.S. dollar in recent years.

On a related issue, the U.S. Department of Agriculture (USDA) announced July 27 that a non-definitive bovine spongiform encephalopathy (BSE) test result had been received on a sample from a 12-year-old cow of U.S. origin. But, final test results announced Aug. 3 indicated the cow did not have BSE.

"The market didn't really show much impact from USDA's original announcement," Blach said. "But the negative test result comes as a relief. It's one less thing the market needs to deal with."

Another topic of discussion at the Cattle Industry Summer Conference was the rising U.S. cattle inventory. According to USDA's cattle inventory report released July 1, total U.S. cattle inventory has increased by about 1%, or 900,000 head, compared to a year ago. This marks the first year-over-year increase since the cattle cycle peak of 1996. Since that year, total cattle inventory had declined by about 8 million head.

While some cattle producers are concerned about downward pressure on prices, Mike Miller of Cattle-Fax said it is very important to look at the specific components of the inventory increase. Beef replacement heifers grew by 4% (about 200,000 head) compared to last year, with dairy replacement heifers also increasing slightly. So, the fact that total inventory has increased will not necessarily translate into a corresponding increase in cattle for harvest.

"The current trends in the female populations suggest that beef herd expansion is in full swing," Miller said. "These trends are supported by smaller heifer feedlot placements, and by cow and heifer slaughter that remain well below last year's levels."

Source: NCBA.



Randy Blach

PHOTO BY SHAUNA ROSE HERMEL



COURTESY OF CATTLEMEN'S BEEF BOARD AND NCBA

Based on the decision from the U.S. Supreme Court affirming the constitutionality of the Beef Checkoff Program, Executive Committee members and other CBB representatives said they felt comfortable reducing the reserve so they could dedicate as much of producers' checkoff investment as possible directly into programs aimed at building demand for beef. The Beef Board's administrative budget is limited by law to not more than 5% of projected revenue in any given year. Actual expenditures have always fallen well below that level, so the CBB felt comfortable trimming the budgeted amount there as well.

"The purpose of the checkoff is to put as much of the \$1-per-head assessment that we pay as producers directly into promotion, research and information programs aimed at increasing beef demand and, as a result, building opportunities for producer profit,"

said CBB Chairman Al Svajgr, a cattleman from Cozad, Neb. "We believe that these budget amendments will allow us to accomplish that, while still maintaining the fiduciary responsibility that we accept as Beef Board members."

In the final stage of the FY 2006 budgeting process, the Beef Promotion Operating Committee will meet in September to identify specific programs to fund through the budget, before the Oct. 1 beginning of the fiscal year. USDA must approve those program recommendations before any checkoff dollars may be spent.



**Editor's Note:** This information was provided by NCBA. For more information regarding the summer cattlemen's convention, visit [www.beefusa.org](http://www.beefusa.org).