INDUSTRY NEWS

Beef Business

►A look at **current issues** affecting the **cattle industry.** *Compiled by **Kasey Brown***

Senate committee passes grazing improvement act

The Public Lands Council (PLC) and the National Cattlemen's Beef Association (NCBA) hailed the Senate Committee on Energy and Natural Resources for passage of S. 258, the Grazing Improvement Act of 2013. The legislation, sponsored by Senator John Barrasso (R-Wyo.) comes as a means to codify existing appropriations language — adding stability and efficiency to the federal grazing permit renewal process. The bill passed by the committee will extend the term for grazing permits from a minimum of 10 up to 20 years, providing for added permit security.

The U.S. Forest Service (USFS) and the Bureau of Land Management (BLM) have consistently — for more than a decade — carried a backlog of grazing permit renewals due to overwhelming and unnecessary National Environmental Protection Agency (NEPA) assessments. This bill provides sole discretion to the Secretaries of Interior and Agriculture to complete the environmental analysis under NEPA while allowing for an analysis to take place at the programmatic level.

"The act is vital for ensuring the fate of our producer's permits. Livelihoods are depending on the efficiency of the system, which undoubtedly needs restructuring," said Scott George, NCBA president and Wyoming rancher. "Not only will the bill codify the language of the decades-old appropriations rider, it will also allow categorical exclusions from NEPA for permits continuing current practices and for crossing and trailing of livestock. Additionally, it will allow for NEPA on a broad scale, reducing paper pushing within the federal agencies."

The bill that passed was an amendment in the nature of a substitute, which included troubling language, creating a pilot program that would allow for limited "voluntary" buyouts. These "voluntary" buyouts are not actually market-based, due to outside influence. Where voluntary relinquishment of a rancher's grazing permit occurs, grazing would be permanently ended. New Mexico and Oregon would be affected — allowing for up to 25 permits in each state per year to be "voluntarily" relinquished.

"PLC strongly opposes buyouts — voluntary or otherwise," said Brice Lee, PLC president and Colorado rancher. "Ultimately, buyouts create an issue for the industry due to the wealthy special-interest groups who work to remove livestock from public lands. The language in the amendment addresses 'voluntary' buyouts; however, radical, anti-grazing agendas are likely at play. Litigation and persistent harassment serve as a way to eliminate grazing on public lands — and could force many ranchers into these 'voluntary' relinquishments unwillingly. There can be no 'market-based solution' in which any given special-interest group is able to ratchet up ranchers' cost of operation and artificially create a 'voluntary' sale or relinquishment."

Nevertheless, both Lee and George agree the bill is a strong indication that Senators from both parties recognize the current system is broken and must be fixed to provide stability for grazing-permit renewals, despite the buyout language.

Source: Public Lands Council.

Applications for Conservation Stewardship Program due Jan. 17

The USDA Natural Resources Conservation Service (NRCS) is opening the Conservation Stewardship Program (CSP) for new enrollments for federal fiscal year 2014. Through Jan. 17, 2014, producers interested in participating in the program can submit applications to NRCS.

"Through the Conservation Stewardship Program, farmers, ranchers and forest landowners are going the extra mile to conserve our nation's resources," NRCS Chief Jason Weller said. "Through their conservation actions, they are ensuring that their operations are more productive and sustainable over the long run."

The CSP is an important Farm Bill conservation program that helps established conservation stewards with taking their level of natural resource management to the next level to improve both their agricultural production and provide valuable conservation benefits such as cleaner and more abundant water, as well as healthier soils and better wildlife habitat.

CSP is now in its fifth year and so far, NRCS has partnered with producers to enroll more than 59 million acres across the nation.

The program emphasizes conservation performance — producers earn higher payments for higher performance. In CSP, producers install conservation enhancements to make positive changes in soil quality, soil erosion, water quality, water quantity, air quality, plant resources, animal resources and energy.

Eligible landowners and operators in all states and territories can enroll in CSP through Jan. 17 to be eligible during the 2014 federal fiscal year. While local NRCS offices accept CSP applications year round, NRCS evaluates applications during announced ranking periods.

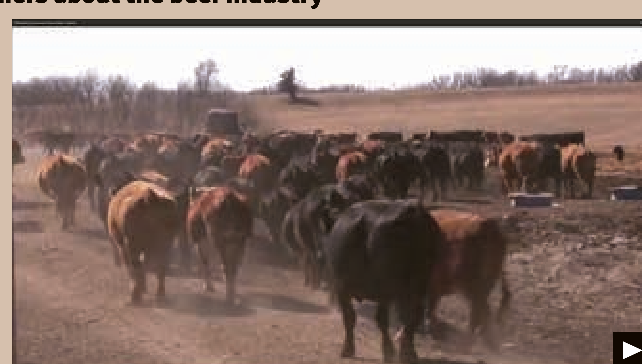
To be eligible for this year's enrollment, producers must have their applications submitted to NRCS by the closing date.

A CSP self-screening checklist is available to help producers determine if the program is suitable for their operation. Learn more by

Digital extras

Educating consumers about the beef industry

The Food for Thought student organization at Kansas State University hosted Jude Capper, sharing a message centered on sustainability and how agriculture will feed the world in 2050. Online readers can click the photo at right to access the KSREvideo provided by K-State Research & Extension. The video is accessible at *www.youtube.com/watch?v=G6sve0oEPYY&feature=em-uploademail.*



visiting *http://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/financial/csp/*.

Source: NRCS.

Trade economist says China could lose its competitive edge due to rising worker wages

With the Chinese Communist Party's recent publication of its blueprint for reform, economists worldwide are focusing on a key question: Will the economy of the most populous country on Earth, which has seen a rise in workers' wages by nearly 14% per year during the last decade, soon lose its competitive edge in the global economy?

Ian Sheldon, the Andersons Professor of International Trade at Ohio State University's College of Food, Agricultural, and Environmental Sciences, addressed this question in a briefing Nov. 25 to Ohio policymakers.

"Despite the global recession, the value of China's total trade accounted for 48% of the country's GDP in 2011," Sheldon said. "This expanded participation in international trade, a significant factor in China's economic growth, has been driven by its transition to a market-oriented economy involving rural-urban migration of more than 150 million workers; industry gaining access to foreign technologies, capital and intermediate inputs; entry of multinational firms; and accession to the World Trade Organization."

Sheldon said as China's share of the international trade arena has grown, so too have livelihoods of its people.

"By the end of the 2000s, average real wages had risen by 13.8% per annum, outstripping China's average real GDP growth rate of 12.7% per annum," he said. "If this continues, average real wages will rise to $20,000 by 2020, with the potential of reducing China's competitive advantage."

Rising wages in China have been driven by labor market reforms linking wages to productivity levels; the one-child policy for urban citizens, which has caused labor-force growth to slow; and an imbalanced labor migration system resulting from the country's historic laws linking a person's residency status and their eligibility for state benefits to their place of birth, Sheldon said.

Additionally, factors such as rising education levels and private and national investment in research and development have contributed to a rise in labor productivity supporting rising wages in the country, he said.

However, if China is to remain a key player in the global economy, economic reforms are needed to rebalance the Chinese market, Sheldon said.

"If China wants to transition smoothly to a more skill-intensive, middle-wage economy, labor and rural land market reforms are essential," he said.

"Despite the global recession, the value of China's total trade accounted for 48% of the country's GDP in 2011."
— Ian Sheldon

Sheldon highlighted possible options to attempt this rebalance, including removing restrictions on rural-to-urban migration, the establishment of land ownership rights for rural farmers, and a move to focus on rural citizens as consumers since their savings accumulation tends to be at higher levels than their urban counterparts.

Source: Ohio State University.

Official complaint filed against Humane Society of the U.S. for violating IRS rules

The nonprofit Center for Consumer Freedom (CCF) announced Dec. 4 it has filed a formal complaint with the Internal Revenue Service (IRS) calling for an investigation into years of incorrect tax returns filed by the Humane Society of the United States (HSUS). The complaint comes on the heels of a new report by the independent charity watchdog CharityWatch, which finds that HSUS improperly inflated its revenue for at least three years in violation of IRS instructions.

According to CharityWatch, HSUS has counted donated public service announcement (PSA) airtime as revenue despite the fact that "reporting donated PSAs in the financial statements of charity tax filings violates IRS reporting rules." This revenue-inflation scheme allows HSUS to appear more financially efficient to the public and to be spending more on its programs than it really is, said the CCF release, noting HSUS reported $17.7 million in donated PSAs in 2011 and $15.7 million in 2010. In addition to 2010 and 2011, HSUS counted donated PSAs as revenue in its 2008 and 2009 tax returns.

IRS regulations provide that organizations can be fined $100 per day, up to $50,000, for filing a tax return with "incorrect information."

HSUS did not continue this alleged impropriety in 2012 — but only after the issue had been made public. "By discontinuing this practice in 2012, HSUS implicitly acknowledges that there is at least some legitimacy to our claim, to say the least," said Will Coggin, senior research analyst for the CCF in Washington, D.C. "Not only that, but HSUS also decreased its 2011 revenue by $17.7 million to reflect this change in accounting practices."

Several members of Congress have raised similar concerns, including Rep. Blaine Luetkemeyer (R-Missouri), who has previously written to then IRS Director of Exempt Organizations Lois Lerner, whose objectivity is under scrutiny, about HSUS. The Treasury Inspector General is reviewing his concerns.

Source: Center for Consumer Freedom.

Increased global grain production means lower grain prices for U.S. growers

Thanks to increased global grain production and lower domestic demand for grain for ethanol, crop producers will find 2014 to be tougher than the past few years and should prepare now for lower prices, an expert from Ohio State University's College of Food, Agricultural, and Environmental Sciences said.

"Prices reflect that we have moved from an era of scarcity to one of adequate inventories and prices have responded by moving lower," said Matt Roberts, an Ohio State University Extension economist. "We are already seeing lower prices come into the market, and unless U.S. or South American acreage declines, those prices are likely to continue to move lower."

"The prices we had earlier in the year aren't guaranteed to return."

Roberts spoke Nov. 25 during the kickoff of the college's 2013-2014 Agricultural Policy and Outlook series. The event initiated a series of local meetings to be hosted statewide through the end of the year. Dates and times for the meetings can be found at *http://go.osu.edu/2014outlook*.

Thanks to several factors, including no growth in ethanol demand and expanded global crop acreage, markets are moving back toward matching supply and demand, Roberts said.

Add another year of corn yields of 160 or more bushels (bu.) per acre and soybean yields of 42 bu. per acre, and growers can expect to see even lower prices that are well below the cost of production on land that has been purchased or cash-rented in the past three to four years, he said.

"Prices will only return to profitable levels if supply declines due to acreage leaving primary row crops or demand returns," Roberts said. "This will likely create a significant financial strain in crop-growing areas."

In order to prepare for the impact of lower prices, farmers should build a working capital cushion of a year to 1.5 years of land charges above what they typically need to operate, he said.

Source: Ohio State University.