



Beef Business

► A look at current issues affecting the cattle industry

Russia suspends imports of all U.S. meat

As of Feb. 11, 2013, Russia is prohibiting imports of all U.S. beef, pork, turkey and other meat products by requiring a zero tolerance for the presence of ractopamine. Ractopamine is a safe additive for animal feed that is used in 27 countries, and has been shown to be completely safe at levels established by the U.S. Food and Drug Administration (FDA) and the United Nation's Codex Alimentarius Commission, the preeminent food safety international standards organization.

Ag Secretary Tom Vilsack and U.S. Trade Representative (USTR) Ron Kirk issued the following statement in response:

"The United States is very disappointed that Russia has taken action to suspend all imports of U.S. meat, which is produced to the highest safety standards in the world. Russia has disregarded the extensive and expert scientific studies conducted by the international food safety standards body, the

Codex Alimentarius Commission (Codex), which has repeatedly concluded that animal feed containing the additive ractopamine is completely safe for livestock and for humans that consume their meat.

"Russia's failure to adopt the Codex standard raises questions about its commitment to the global trading system. Despite repeated U.S. requests to discuss the safety of ractopamine, Russia has refused to engage in any constructive dialogue and instead has simply suspended U.S. meat imports. The United States calls on Russia to restore market access for U.S. meat and meat products immediately and to abide by its obligations as a Member of the World Trade Organization."

— Statement by USDA.

Animal Agriculture thanks Ram Trucks for Super Bowl commercial

The week following the game, nearly 250 regional, state and national farm, ranch and agribusiness organizations sent a heartfelt

"thank you" to Chrysler Group Chairman and CEO Sergio Marchionne and his Ram Trucks team for its XLVII Super Bowl commercial "So God Made a Farmer."

The ad kicks off a campaign declaring 2013 "The Year of the Farmer" and features still images from 10 noted photographers, including William Albert Allard and Kurt Markus. The commercial features legendary radio broadcaster Paul Harvey reciting his essay on the virtues of the American farmer, which he originally delivered at a Future Farmers of America conference in 1978. Harvey passed away in 2009.

"The commercial, with its poignant earnestness reminded the millions who watched the game that farmers and ranchers — those that feed and clothe the country and world — must be appreciated and recognized for what they do, and how well they do it," said Kay Johnson Smith, president and CEO of the Animal Agriculture Alliance, which coordinated the letter with assistance from the Farm Animal

Beef, pork exports set new records in 2012

U.S. beef and pork exports set new value records in 2012, topping highs set in 2011, according to year-end statistics released by USDA and compiled by the U.S. Meat Export Federation (USMEF). The achievement was more significant in light of challenging export conditions that included non-science-based trade barriers in several key markets and an anemic economy in certain regions.

"The export markets are a critical profit center for the industry at a time when the industry is challenged by high input costs and, on the beef side, a historically low herd size," said Philip Seng, USMEF president and CEO. "2012 saw record highs for per-head export values for both pork and beef at a time when those returns were sorely needed by producers."

Pork exports set both volume and value records last year, reaching 2.26 million metric tons (mt) — up a fraction from the record set in 2011 — valued at \$6.3 billion, a 3.5% increase over the prior year's record.

The value of beef exports for the year rose 2% to a record-high \$5.51 billion on 12% lower volumes (1.13 million mt). The per-head export value for beef hit \$216.73, a \$10.36 increase over 2011. Contributing to that was a new monthly record value of \$242.65 set in December.

For the year, U.S. beef exports accounted for 12.7% of total beef production and 9.8% of muscle cut production. This compares to 14.2% and 11%, respectively, in 2011.

In addition to the new standards noted above, one-year export records were set in several key beef export markets:

- Russia: 80,408 mt (10% increase) valued at \$307.5 million (20% increase)

- Hong Kong: 65,033 mt (28% increase) valued at \$339.5 million (43% increase)
- Central/South America: 33,891 mt (31% increase) valued at \$134.1 million (57% increase)
- Canada: \$1.177 billion (14% value increase, even though volume dipped 6% to 180,015 mt)

The top five value export markets for beef in 2012 included Canada at \$1.177 billion, Japan at \$1.03 billion (surpassing the \$1 billion mark for the first time since 2003), Mexico at \$822.4 million, South Korea at \$582 million and Hong Kong at \$339.5 million.

Looking ahead, the outlook for 2013 appears positive for both the U.S. beef and pork industries, said Seng.

"There are many factors that go into projecting 12 months into the future, but as we continue to focus our efforts on markets that offer the greatest potential for growth, we are optimistic that 2013 will give us the opportunity to maintain the momentum we have seen in pork exports while rebounding in beef," he said. The recent opening of Japan to U.S. beef under 30 months of age contributes to a projected growth in beef exports of 4% in volume (to 1.17 million mt) valued at more than \$6 billion. That total may be tempered if issues with exports to Russia are not resolved.

Another fact to note, December beef exports were down 16% vs. the prior year at 90,789 mt while value was down just 3% at \$461.2 million. Export gains were seen for the month in Canada, South Korea, Hong Kong, Philippines and Central/South America.

Adapted from a news release by USMEF.

Editor's notes: Export statistics refer to both muscle cuts and variety meat unless otherwise noted. One metric ton (mt) = 2,204.622 pounds.

Welfare Coalition, an ad hoc agriculture coalition coordinated by Steve Kopperud, executive vice president of Policy Directions Inc., a Washington, D.C., consulting firm.

The advertisement was ranked the third-most-popular Super Bowl commercial according to *USA Today's* "Ad Meter."

The commercial kicks off a partnership with the National FFA Foundation to draw viewers to the www.ramtrucks.com/en/keepplowing site. For every view, download or share of the two-minute spot, Ram trucks will make a donation to the FFA Foundation's "Feeding the World — Starting at Home" hunger program.

Ram trucks is joined in the "Year of the Farmer" campaign by Case IH of Racine, Wis., and Farms.com Ltd. of Ontario, Canada. Other Ram partners include Stihl, Bosch and Mossy Oak.

"Over time the agriculture industry has struggled with how to best remind America that farming and ranching isn't a 9-to-5 job; it's a way of life," said Johnson Smith. "We are so grateful to Ram, Case IH and *Farms.com* for sharing this important message with the world, and we invite consumers to take this opportunity to learn more about the hardworking individuals who comprise the U.S. agriculture industry."

— Adapted from a news release by *Animal Agricultural Alliance*.

PLC, NCBA support reintroduction of Grazing Improvement Act

The Public Lands Council (PLC) and the National Cattlemen's Beef Association (NCBA) strongly support the Grazing Improvement Act of 2013, introduced in the U.S. Senate. Sen. John Barrasso (R-Wyo.), along with cosponsors Sens. Mike Crapo (R-Idaho), Mike Enzi (R-Wyo.), Orrin Hatch (R-Utah), Dean Heller (R-Nev.), Mike Lee (R-Utah) and Jim Risch (R-Idaho), introduced the bill, which seeks to improve the livestock grazing permitting processes on

lands managed by the Bureau of Land Management (BLM) and U.S. Forest Service (USFS). The bill was debated during the last session of Congress in both the Senate and House of Representatives; it passed the House with bipartisan support as part of the Conservation and Economic Growth Act (H.R. 2578).

PLC President Brice Lee, a Colorado rancher, asserted that the uncertainty surrounding grazing permit renewals is threatening ranchers' ability to stay in business.

"Those of us who utilize grazing on public lands face grave threats to our way of life due to today's cumbersome and inefficient permit renewal process. It puts us at constant risk of seeing suits filed by radical environmental activists who seek to eliminate grazing on federal lands," Lee said. "This bill would end some of the instability in the permitting process that plagues the grazing industry in the West."

Retiring NCBA President J.D. Alexander said that the bill simply makes sense, as it proposes to codify language that has been included in federal appropriations bills for more than a decade. That appropriations language, which has long enjoyed bipartisan support, allows the BLM and USFS to renew grazing permits under existing terms and conditions while the backlog of environmental analyses is being addressed.

"Increasing the term of a grazing permit from 10 to 20 years, as is proposed in the bill, will decrease the interval at which grazing allotments come up for environmental analyses," Alexander said. "This will decrease the daunting backlog facing the agencies and will make these processes more efficient."

Alexander added that much of the backlog and uncertainty is due to extremist environmental groups, who frequently file minor lawsuits in their attempt to put ranchers out of business. These lawsuits

consume agency resources, according to Alexander.

— Adapted from a release by NCBA.

How will U.S. cattle industry supplement decline in Mexican imports?

During the last 30 years, Mexico has become an aggressive exporter of feeder cattle to the United States. The U.S. has relied so heavily on these imports to supplement supply that experts are now calling the levels of imported Mexican feeder cattle unsustainable.

According to a new report from the Rabobank Food & Agribusiness Research and Advisory (FAR) group, the availability of cattle for shipment is expected to post a steep decline in 2013, leaving the U.S. cattle-feeding industry searching for ways to make up for this sharply reduced supply.

"Record-high feeder and calf prices in the U.S., as well as a favorable exchange rate, were factors in a surge of exports to the U.S. over the last two to three years," notes report author Don Close, vice president, food and agribusiness research and advisory, animal protein. "However, it was really the severe drought in 2011 that prompted such a notable increase in exports to the U.S. so that the levels became unsustainably high."

A critical result of the drought-induced surge in feeder-cattle imports from Mexico during the past two and a half years has been a substantial increase in the shipment of heifers. When U.S.-Mexican feeder trade began to gain steam, 90% of the cattle exported by Mexico were steers.

By September 2012, spayed heifers accounted for more than a quarter of all shipments. Such an escalation in heifer shipments signals a depletion of total Mexican cattle supplies.

— Adapted from a news release by Rabobank Group.



Show Schedule

► Information about **ANGUS** shows

▣ **APRIL**
WESTERN NATIONAL ANGUS FUTURITY**
Location: Reno, Nev.
Date: April 21
Time: 9 a.m.
Judge: Bruce Stertzbach

▣ **MAY**
ATLANTIC NATIONAL**
Location: Timonium, Md.
Date: May 26
Time: 8 a.m.
Entry Deadline: April 15
Judge: Greg McCurry

▣ **JUNE**
THE ALL-AMERICAN ANGUS BREEDERS' FUTURITY**
Location: Louisville, Ky.
Date: June 16-17
Entry Deadline: May 3

▣ **JULY**
NAT'L JR. ANGUS SHOW
Location: Kansas City, Mo.
Date: July 5-11
Time: 8 a.m.
Entry Deadline: May 15

CALIFORNIA STATE FAIR
Location: Sacramento
Date: July 15-18
Entry Deadline: June 14



*Denotes ROV show
**Denotes Super-point ROV show