



# Beef Business

►A look at current events affecting the cattle industry

## FDA delays feed ban

The Food and Drug Administration (FDA) announced early April a delay in the implementation of the final rule of a feed ban titled "Substances Prohibited From Use in Animal Food or Feed," or more commonly referred to as the 2008 BSE (bovine spongiform encephalopathy) final rule.

The final rule, which would have gone into effect April 27, is now delayed 60 days to June 26, according to *Drovers*. The FDA is taking this action in response to comments from affected parties expressing concerns about their ability to fully comply with the rule by the April 27 effective date.

## USDA forecasts higher beef output, lower total meat production

Total U.S. meat production for 2009 is forecast lower this month as a slight increase in beef output is more than offset by lower

pork and poultry production, according to the U.S. Department of Agriculture (USDA) monthly World Agricultural Supply and Demand Estimates (WASDE) report released April 9.

According to the report, the beef production forecast is raised from last month due to a combination of heavier expected steer and heifer weights and higher expected cow slaughter. The pork production forecast, however, was lowered since hog harvest to date has been lower than expected. Broiler, turkey and egg production forecasts are also lower, according to the report.

Export forecasts for 2009 for major meats were lowered slightly. Exports of beef and turkey were forecast lower but the pork export forecast was raised. Broiler exports remained unchanged. Beef imports were raised but imports for pork were unchanged.

The cattle price forecast remained unchanged from last month. Hog prices were raised due to expected tighter hog supplies. Broiler prices were lowered since demand is expected to remain weak.

## Economic crisis has significant consequences for agriculture

The world economic crisis that began in 2008 has major consequences for U.S. agriculture, according to a report released April 4 by the USDA Economic Research Service (ERS).

The weakening of global demand because of emerging recessions and declining economic growth resulted in reduced export demand and lower agricultural commodity prices, compared with those in 2008. These, in turn, reduced U.S. farm income and placed downward pressure on farm real estate values. So far, the overall effect on U.S. agriculture is not as severe as on the broader U.S. economy because the record-high agricultural exports, prices and farm income in 2007 and 2008 put U.S. farmers on solid financial ground.

Moreover, the debt equity ratios in agriculture tend to be more conservative than those in most other sectors of the economy. There is much uncertainty concerning the depth and extent of the crisis.

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The outcomes for U.S. agriculture are dependent on whether or not there is a global realignment of exchange rates to correct current macroeconomic imbalances.

To read the full report, visit [www.ers.usda.gov/Publications/WRS0902/](http://www.ers.usda.gov/Publications/WRS0902/).

### **ACRE program enrollment opens**

Agriculture Secretary Tom Vilsack has announced that producers can now elect and enroll in the Average Crop Revenue Election (ACRE) program. Enrollment began April 27. ACRE is a provision of the 2008 Farm Bill.

Producers have until Aug. 14, 2009, to make their decision for the 2009 crop. USDA will not accept any late-filed applications.

Commodities eligible for ACRE payments are wheat, corn, grain sorghum, barley, oats, upland cotton, long-grain rice, medium- and short-grain rice, peanuts, soybeans, sunflower seed, canola, flaxseed, safflower, mustard seed, rapeseed, sesame seed, crambe, dry peas, lentils, small chickpeas and large chickpeas.

The ACRE program was created in the 2008 Farm Bill to give producers an option in lieu of traditional counter-cyclical payments. Producers may elect and enroll in ACRE for the 2009 crop year even if they have already accepted advance direct payments under the Direct and Counter-cyclical Program.

For more information about the ACRE program visit your local Farm Service Agency (FSA) county office or visit [www.fsa.usda.gov](http://www.fsa.usda.gov).

### **Senate votes on death tax relief**

Members of the Senate passed death tax relief in a vote on the budget resolution April 2, according to the National Cattlemen's Beef Association (NCBA). The Senate voted 51 to 48 to pass an amendment sponsored by Sen. Blanche Lincoln (D-Ark.) and Sen. Jon Kyl (R-Ariz.).

According to NCBA, the Lincoln-Kyl amendment would raise the death tax exemption to \$5 million per individual and \$10 million per couple, indexed for inflation. Under this amendment, the maximum tax rate is reduced to 35%. Currently, estates valued at more than \$3.5 million, or \$7 million for a couple, are taxed at a 45% rate.

NCBA Manager of Legislative Affairs Jill Davidsaver said, "The amendments don't have the force of law, but they are important guidelines for committees that have jurisdiction over the policies in the amendments."

