



Beef Business

► A look at **current events** affecting the **cattle industry**

Ag economist expects more rough times for beef industry

The pain of recent record losses in the U.S. cattle feeding industry will not diminish soon, but tightening supplies could lead to a modest rebound in late 2010, according to agricultural economist James Mintert.

Speaking at Kansas State University's (K-State's) Risk and Profit Conference Aug. 21, Mintert said that consumers have responded to the U.S. economic downturn by saving more and spending less. However,

when consumers are saving it means that they're spending less on some foods, such as beef.

Mintert said, "historically, beef demand has benefited from growth in the U.S. economy and a low (consumer) savings rate." In 2009 and into 2010, however, he expects weak consumer expenditures to hold back beef demand. That demand slowdown is partly responsible for the record losses realized by cattle feeders during 2008 and 2009, he said.

DTN: JBS sets sights on Pilgrim's Pride

Brazilian beef giant JBS SA reportedly plans to acquire the Texas-based Pilgrim's Pride Corp. for approximately \$2.5 billion, DTN Livestock Analyst John Harrington reported in his Sept. 3 "Sort & Cull" column, citing people familiar with the matter. "The deal would pull the second-largest chicken company in the U.S. out of bankruptcy court and shake up the global meat business," Harrington noted.

Negotiations were reportedly in the final stages at press time, but could fall apart. However, Harrington said, if the deal moves ahead, it would create a new U.S. rival to Tyson Foods Inc., the largest U.S. meat company that produces beef, chicken and pork.

MU report: Corn could stay below \$4 through 2014

U.S. corn prices are expected to average \$3.47 per bushel (bu.) in the 2009-2010 marketing year beginning Sept. 1 then gradually increase annually to reach \$3.98 by 2014-2015, according to a University of Missouri (MU) report cited by *Meatingplace.com*.

In newly updated projections, MU researchers forecast U.S. soybean prices will average \$9.44 per bu. in 2009-2010, fall to \$9.12 in 2010-2011 then climb incrementally to average \$9.74 by 2014-2015. It predicted soybean meal prices will remain below \$300 per ton during the next five years, according to *Meatingplace.com*.

Nebraska direct steers [1,100-pound (lb.)-1,300-lb.] were expected to average \$85.07 in 2009, then increase annually to reach \$101.93 by 2013 before tapering off to \$100.05 in 2014, according to the article.

TIME article sparks heated reaction

The fallout continued mid-September from a late August *Time* magazine cover story titled "Getting Real about the High Price of Cheap Food." Reaction boiled from producers, industry organizations and agricultural media who argued the article was written with blatant factual errors and skewed reporting.

The National Cattlemen's Beef Association (NCBA) says it provided a laundry list of

experts and science to a *Time* magazine writer, but the production agriculture side was completely ignored in the cover story, *Pork* magazine reports.

NCBA's Daren Williams told *Pork*, "In 20 years, I have not seen reporting sink to this kind of low."

To read the full article visit www.time.com/time/health/article/0,8599,1917458,00.html.

HHS debuts new food safety web site

Health and Human Services (HHS) Secretary Kathleen Sebelius has announced a new web site designed to streamline food safety information for consumers. Available at www.foodsafety.gov, the site will put food-

CONTINUED ON PAGE 198

▣ BEEF BUSINESS

CONTINUED FROM PAGE 197

related information from all federal agencies in one place, including recall and contamination alerts and tips on how to safely handle food, according to *The Associated Press* (AP).

The web site is a joint effort between HHS, the U.S. Department of Agriculture (USDA) and the Food and Drug Administration (FDA).

In addition, AP reports the FDA has also announced more stringent rules for reporting potential contaminations and the creation of

a new electronic database for manufacturers to use to report food safety issues.

Under the new rules, producers are required to report products that could harm consumers within 24 hours. According to AP, the law creating the database was passed in 2007, after the FDA received criticism for its handling of a variety of safety problems.

Scientists develop method to detect live *E. coli* in beef

MU food scientists have come up with a method to detect live *E. coli* cells in ground beef. The researchers developed a two-step method that can distinguish between dead

and living *E. coli* O157:H7 cells.

Dead cells won't make you sick, but as few as 10 live cells can inflict a severe intestinal illness, said Azlin Mustapha, associate professor of food science in the MU College of Agriculture, Food and Natural Resources.

Testing takes about 12 hours, as opposed to older methods, which require up to two days for results.

Washington Watch



Another route to national animal ID?

“Even though Congress voted earlier this

year to stop funding the National Animal Identification System (NAIS), there is some thinking within the livestock industry that identification could conceivably be implemented through other legislation,” says Stephen Hammack in the August 2009 Texas AgriLife “Beef Cattle Browsing” newsletter.

According to Hammack, the Food Safety Enhancement Act of 2009 (HR 2749) was working its way through the legislative process at press time. Among other things, the legislation would charge the HHS Secretary to require that “each person who produces, manufactures, processes, packs,

transports, or holds a food” would have to “maintain the full pedigree of the origin and previous distribution history of the food, link that history with the distribution of the food, establish and maintain a system for tracing the food that is interoperable with the systems established and maintained by other such persons, and use a unique identifier for each facility owned or operated by such person for such purpose.”

House bill would ban antibiotics as a preventative

An Oklahoma state legislator is urging constituents in the state to oppose a bill in

Congress that would amend the Federal Food, Drug and Cosmetic Act to ban the use of antibiotics for use to prevent animal diseases.

According to state Rep. Brian Renegar (D-Blanco), the Preservation of Antibiotics for Medical Treatment Act (PATMA) would ban antibiotics as a preventative measure.

“Specifically, the prevention and control of anaplasmosis, coccidiosis and respiratory infections would go unchecked,” Renegar told the *McAlester News-Capital*.

