



Beef Business

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

Partisan politics prolongs uncertainty for family farmers, consumers

National Farmers Union (NFU) President Roger Johnson issued the following statement Oct. 1, amid a federal government shutdown and the expiration of the current farm bill:

“The U.S. Congress has put all Americans in a dire situation. The uncertainty created by the failure to come to an agreement on how to fund the government has overshadowed a situation that impacts the livelihood of so many family farmers, ranchers, fishermen and hungry people in this country.

“Today marks the second time that the 2008 Farm Bill was set to expire. We are once again in a time of uncertainty and limbo. NFU urges Congress to end the partisan politics that are presently taking over the ability to accomplish any business. House leadership should appoint conferees to the farm bill conference committee so that a five-year, comprehensive bill can be put forward for the president to sign. We simply cannot afford another extension or period of inaction.”

Source: NFU.

AFBF frustrated at 2008 Farm Bill expiration

President of the American Farm Bureau Federation (AFBF) Bob Stallman released a statement Oct. 1 regarding Farm Bill expiration:

“Farmers and ranchers, along with 90% of the country, are frustrated with Congress. Aside from shutting down the government, the one-year farm bill extension Congress granted last session also expired at midnight, while the new farm bill has yet to formally reach the conference process.

“Farm Bureau members are deeply concerned over the political challenges that are making it next to impossible for Congress to reach a compromise on important legislation, while restoring fiscal order and setting a responsible course to get the federal budget back on track. Adding to our frustration, both the House and Senate versions of the farm bill would provide significant savings that could be applied toward reducing the federal deficit.

“Now that the 2008 Farm Bill extension has expired, farmers once again are left with uncertainty as to the safety net and risk-management tools that are important in

planning for next year’s crop. Come January, consumers once again face the impact of high food costs as decades-old farm policy kicks in.

“Both the House and Senate agriculture committees have worked hard to put together bipartisan packages that would deliver solid safety net options and comprehensive risk-management tools for farmers and ranchers. It is past time for Congress to let these two committees get back to what they do best — work together in a bipartisan fashion to forge the best new farm bill possible in today’s tough political environment.

“Farm Bureau is encouraging Congress and President Obama to work together to get the budget process in order, get our national economy back on track and move forward on legislation important to agriculture, such as the farm bill, immigration and tax reform, and waterways funding.”

Source: AFBF.

House rule passage should pave way for farm bill completion

NFU President Johnson issued the following statement Sept. 28 after the U.S. House of Representatives passed a rule that would relink farm programs and nutrition programs:

“Today’s actions should pave the way for the farm bill to be completed this year. Extending the 2008 Farm Bill again is not an adequate solution. While it is obvious we will not have a completed farm bill by its expiration on Sept. 30, I urge House leadership to appoint conferees so that the process of conferring the Senate and House versions of the bill can begin right away.

“NFU will continue to advocate for a five-year, comprehensive farm bill to be completed in the next month.”

Source: NFU.

The future of COOL

The requirement of more specific country-of-origin labels, a ruling upheld recently in U.S. district court, could mean that more information will be available for meat consumers to make purchasing decisions, but also could lead to economic loss for the U.S. meat industry and its trading partners.

On Sept. 11, a U.S. district judge refused to stop the government from requiring more specific labels on beef, pork, poultry and

lamb products sold in stores. The ruling was a win for advocates of mandatory country-of-origin labeling (COOL) policy and a loss to U.S. meat packers and others wanting to abolish the policy, who view COOL as a low-benefit, high-cost scenario.

COOL, a controversial U.S. food and agricultural labeling policy, has been in limbo since its mandatory implementation in 2009. The policy requires that most fresh foods, including meat, indicate the country or countries where the product was born, grown, raised and slaughtered on the product’s label.

Not long after the mandatory implementation, Canada and Mexico approached the World Trade Organization (WTO) to challenge COOL, as the countries believed the law hindered trade with the United States and violated the North American Free Trade Agreement (NAFTA). The WTO sided with Canada and Mexico, which led to the United States revising its COOL policy last May.

The revised policy requires packers to list individually the countries where the animal was born, raised and slaughtered. For instance, a revised label on a package of beef sirloin steak might state, “Born in Mexico, raised and slaughtered in the United States.” Before, the label for that same product more simply read, “Product of Mexico and the United States.”

“More segregation (in the labels) will lead to more cost,” said Glynn Tonsor, associate professor of agricultural economics at Kansas State University.

Tonsor studied consumer demand impact of mandatory COOL on meat products and found that the typical U.S. consumer was unaware of COOL and that COOL implementation did not change consumer demand for beef steak, chicken breast or pork chop products.

More specificity on the labels, Tonsor said, could strengthen the problem Canada and Mexico faced initially and further discriminate against imported livestock. The U.S. meat industry could also take more of a financial hit. Tonsor said packers could more directly see added costs, as more specific labeling would require more bookkeeping and ensuring that all meat in each package, other than ground meat, came from the same source and was marked correctly.

Cow-calf producers could also bear some of the added cost indirectly in their calves. Added costs, down the value chain, could negatively affect consumers' wallets, as well.

"Anything that adds cost in the value chain can cause an economic drain," Tonsor said.

It is unclear if or how the WTO will intercede as this moves forward, but Tonsor said this is a multi-year process that was not completely resolved from this recent ruling.

Source: K-State Research and Extension.

Court grants four groups' rights to defend COOL

The U.S. District Court for the District of Columbia granted motion by the Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA), Food & Water Watch (FW&W), South Dakota Stockgrowers Association (SDSA) and Western Organization of Resource Councils (WORC) to intervene and defend COOL from a lawsuit filed by the international meatpacking industry. The court's ruling allows the COOL advocates to defend the COOL rules on the merits in the face of the meatpacking industries' legal challenge.

"As the largest producer-only trade association representing the U.S. cattle industry, we will take this opportunity to

aggressively defend COOL for U.S. cattle farmers and ranchers," said R-CALF USA CEO Bill Bullard. "R-CALF USA fought for more than a decade to implement COOL with these very allies, and together we are prepared to fight even harder to defend it."

The COOL law was first passed in the 2002 Farm Bill, but its implementation was repeatedly delayed by meatpacker opposition. A coalition of meatpackers (both domestic and international) and packer-producer trade associations sued USDA to block COOL in July 2013, nearly five years after COOL was included again in the 2008 Farm Bill, and additionally sought a preliminary injunction to halt COOL's implementation immediately.

"With this decision, western independent cattle producers have an opportunity to defend a valuable program under attack by the NCBA (National Cattlemen's Beef Association) and meatpackers," said Wilma Tope, a rancher near Aladdin, Wyo., and WORC spokesperson.

The meatpackers were dealt a significant setback in September, when the District Court rejected their request for a preliminary injunction in a ruling that provided a solid understanding of a complex regulatory issue. The meatpackers immediately appealed the ruling on the preliminary injunction, but the

underlying challenge to the COOL rule is still pending before the lower court.

"Consumers, farmers and ranchers have tirelessly fought to implement COOL, and the court's ruling allows the eaters and producers to join together again in defense of a commonsense rule that allows families to know where their food comes from," said FS&W Executive Director Wenonah Hauter.

A key goal of the meatpackers' suit is to continue affixing "commingled" labels bearing "Product of Mexico, Canada, and the U.S." even on meat from animals that never stepped foot in either Canada or Mexico. The 2013 final rule required that COOL labels clearly delineate each production step where the animal was born, raised and slaughtered so consumers can make informed choices and American farmers can distinguish their products in the marketplace.

Source: R-CALF USA, FW&W, SDSA and WORC.

NFU to USDA: Reject COOL rule extension request

NFU, the U.S. Cattlemen's Association, Consumer Federation of America (CFA) and American Sheep Industry Association sent a letter Sept. 27 to U.S. Secretary of Agriculture Tom Vilsack and U.S. Trade Representative

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(USTR) Michael Froman urging USDA to reject an extension to the implementation of COOL.

“The U.S. Department of Agriculture followed a carefully considered, open and transparent process as it crafted this rule,” the letter stated. “We believe the rule complies with the World Trade Organization ruling and is consistent with U.S. law. We strongly support it and your efforts to defend it.”

This letter was prompted by a recent letter to USDA and USTR from packer-producer organizations and foreign interests seeking to postpone the enforcement of the updated COOL regulations that went into effect May 23, 2013. The regulations provided a six-month grace period for companies to come into compliance with the rules, and that period has not yet ended.

In a recent ruling, the U.S. District Court for the District of Columbia rejected the preliminary injunction request for a delay of implementation because the court found that the plaintiffs had not established a likelihood of success on their claims that the revised COOL regulation violates the first amendment or that the revised regulation exceeds the agency’s authority, among other findings.

“Farmers, ranchers and consumers have waited too long for meaningful country-of-origin labeling standards, and we strongly urge USDA to enforce those regulations which have been carefully scrutinized and revised and that will bring the United States into compliance with its WTO obligations,” the letter stated. “The revised regulations published by USDA will provide consumers with enhanced information that will reduce the confusion about the food they buy.”

You can view the full letter at <http://www.nfu.org/images/9%2027%2013%20COOL%20Deny%20AMI%20Extension.pdf>.

Source: NFU.

AFBF objects to inflammatory attacks in privacy suit

The AFBF responded Sept. 13 to the inflammatory tactics of three environmental activist organizations who have asked to intervene in AFBF’s recent privacy lawsuit against the Environmental Protection Agency (EPA). AFBF’s suit in federal court in Minnesota seeks to protect farmers’ and ranchers’ personal information from disclosure by EPA under the Freedom of Information Act (FOIA).

While AFBF did not oppose the groups’ request to intervene in the case, it filed a response objecting to the false accusations

about poultry and livestock farmers. AFBF also objected to the groups’ efforts to detract the court’s attention from the important privacy questions presented in the case.

“Instead of addressing important issues of whether farmers and ranchers are entitled to the same privacy protections for their homes that other citizens enjoy, these groups are trying to make this case into a referendum on whether livestock and poultry farmers are adequately regulated under the Clean Water Act,” said AFBF President Bob Stallman. “Their brief is filled with exaggeration and fabrication about how livestock and poultry farmers operate their farms and how they are regulated. Those statements have nothing to do with this case and are purely an effort to vilify family farmers in the court and in the press.”

AFBF filed suit in July to stop EPA from publicly releasing personal information about hundreds of individual farmers and ranchers and their families. The organization is asking the court to clarify EPA’s obligation to keep personal information about citizens private when responding to FOIA requests. The protection of information such as farmers’ and ranchers’ names, home addresses and GPS coordinates, phone numbers and email addresses is at stake.

Co-plaintiff National Pork Producers Council (NPPC) joined AFBF in its response to the court.

Source: AFBF.

Five Nations Beef Alliance agrees on core principles for the TPP agreement

An alliance of cattlemen representing Australia, Canada, New Zealand and the United States recently signed a letter announcing their support for a comprehensive Trans-Pacific Partnership (TPP) agreement.

“As a collective global beef industry, if we are going to feed a growing world population, we need to facilitate the open and unrestricted trade of food around the world,” said Cattle Council president Andrew Ogilvie, from Kingston SE in South Australia. “By removing trade barriers and tariffs to create fair and open access for all nations, the world’s population will have equal opportunity to a reliable and safe food supply without trade barriers inflating the cost of that food.”

The agreement is based on 10 core principles, ensuring any agreement must be comprehensive and must eliminate all tariffs and market-access barriers while emphasizing the importance of unfettered trade.

“Working to achieve a TPP without

product exclusions, especially in agriculture, that also eliminates tariffs and other market access barriers in the TPP region, is a goal worth striving for,” said Canadian Cattlemen’s Association (CCA) president Martin Unrau, a cow-calf producer from MacGregor, Man. “I am pleased to see momentum building in the TPP negotiations and am hopeful we can achieve a comprehensive result soon.”

The agreement also relies on risk-based scientific decision-making, based on international science-based standards.

“We are a strong supporter of this agreement and others like it, on the grounds that they increase market access and provide stable export markets based on internationally recognized scientific standards,” said NCBA president Scott George, a cattle and dairy producer from Cody, Wyo. “With 96% of the global population living outside of the United States, it is essential that we take measures to enable trade and expand market access, both to stimulate the economy, and, more importantly, to feed a growing global population.”

The Five Nations Beef Alliance is also asking the negotiating countries to push for arrangements where beef producers are all treated the same.

Source: NCBA.

Livestock groups hail passage of critical wildfire legislation

The Public Lands Council (PLC), the NCBA and the Arizona Cattle Grower’s Association (ACGA) hailed the U.S. House of Representative’s passage of legislation that will improve federal forest management to prevent catastrophic wildfire and support rural economies. The Restoring Healthy Forests for Healthy Communities Act, H.R. 1526, passed with resounding support on a 244-173 bipartisan vote. Sponsored by House Natural Resources Committee Chairman Doc Hastings (R-Wash.), it includes measures from various previously introduced bills designed to expedite the removal of hazardous fuels from national forests while simultaneously increasing the economic productivity of those forests.

“This wildfire package could save the livelihoods of thousands of ranchers on and near public lands,” said Brice Lee, Colorado rancher and president of PLC. “Millions of acres across the West burn each year, leaving many communities devastated and a whole lot of livestock with nowhere to go. I applaud Chairman Hastings and the other representatives, such as Paul Gosar of Arizona and Scott Tipton of Colorado, who contributed to this package by offering

commonsense, concrete forest-management solutions.”

H.R. 1526 includes measures to improve current forest management in a number of ways. It would expedite the regulatory review process in high-risk areas, allowing needed fuel-reducing activities such as livestock grazing and logging to go forward without delay; increase state and local involvement in wildfire prevention; and improve rural schools, infrastructure and overall economies by increasing timber harvests.

Source: PLC.

NFU statement on shareholder approval of Smithfield sale to Chinese company

NFU President Johnson issued the following statement in response to shareholder approval of the sale of Smithfield Foods Inc. to Shuanghui Int'l Holdings Ltd:

“It is a sad day for family farmers and consumers when the largest pork processing company in the United States is sold to a Chinese interest.

“Putting ownership of our food system in the hands of other countries does not bode well for the future of our agricultural marketplace. Congress should revisit the official approval process for such transactions with an eye toward assuring that our food systems are more stable, safe and secure, and are based on a model of family farmers and ranchers.”

Source: NFU.

MCA calls SB 9 override victory for agriculture

The General Assembly, on Sept. 11, 2013, stood firm for Missouri's farm and ranch families by overriding the governor's veto of S.B. 9. Missouri Cattlemen's Association (MCA) President Chuck Massengill said this vote is a victory for more than 52,000 Missouri cattle farms and ranches.

“The success Missouri agriculture has seen this past year has been great. Many farm families will benefit from the passage of S.B. 9,” said Massengill. “This bill is a step in the right direction and will help producers protect their business and livelihood.”

The legislation will toughen penalties for cattle rustling by making the first offense a felony in most cases.

The bill will also fix the current animal abuse and neglect law. The past animal abuse and neglect law allowed a farmer to receive a hefty fine or even imprisonment because their livestock got out of their confines.

“Having the support of our elected leaders on this issue shows how strong of an agricultural base we have in Missouri,” said Massengill. “This paves the way for future success and will only allow agriculture in Missouri to prosper.”

Source: MCA.

Survey suggests slowdown in land price increases

Results of the University of Missouri (MU) Extension annual land-values opinion survey show that land prices in the state have continued to climb. However, the survey suggests a slowdown in the next year.

“The average value of good cropland by our survey was \$4,510 per acre,” says Ron Plain, an MU Extension agricultural economist and co-author of the report. “That was up 17% compared to July 2012.”

Good pastureland was up 12%, with a statewide average of \$2,492 per acre. Timber and hunting/recreational land was 10% higher at \$1,817 and \$1,724, respectively.

“A lot of the respondents think we may be, at least short term, nearing a peak in Missouri farmland values,” Plain says. “They

indicated that they thought cropland would increase between 2% and 3% in the coming year, pastureland between 1% and 2%, and other land about 1%.”

For the past 40 years, MU Extension has conducted an annual survey to track the value of farmland in different regions of Missouri. Plain says it is called an opinion survey because it doesn't include hard sales data to back up the numbers.

“There are no reporting requirements on land sales, so if you want to get down to hard numbers, you have to go courthouse by courthouse pulling the data to see what actual sales values are,” Plain says. “That's more costly than we've got time and resources to do, so we survey informed people like land appraisers, real estate agents and lenders about what land is selling for in their area.”

Plain says over the years this survey tracks very well with the numbers that the USDA has in an annual report that does use hard data.

According to the survey, 69% of buyers were planning to farm the land themselves, while 22% planned to rent the land out to be

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farmed and 9% did not plan to farm or rent out the land.

Source: MU Extension.

Cattle price outlook improves in 2014 for Quality Beef

Farmers gathered at a University of Missouri (MU) field day to hear about better breeding of cow herds listened to positive news on beef prices for 2014 and beyond.

Scott Brown, MU livestock economist, told producers he had a “glass half full” outlook.

“There are lots of positive signs for fed-cattle prices to top \$1.30 a pound in 2014,” he said. “The fundamentals are there. Corn prices are headed down to 2010 levels, and fed-cattle prices will range much higher than in 2010.”

His crop slide showed current futures prices for corn near \$4.50 per bushel in 2014.

He showed fed cattle dipped below 80¢ in 2010, and that current future feeder-calf prices for 2014 run \$50 higher per hundred than in 2010.

A big difference has been the continued drop in cow herd numbers. “Beef inventory is low. Short supply leads to higher prices,” Brown said.

Domestic consumer demand remains critical for continued higher beef prices. However, demand is not clear, Brown said. It has been in steady decline since the start of the Great Recession and recovery remains slow.

“The economy affects how much beef people eat,” he added.

However, international demand continues strong. South Korea, Japan and China are growing influences.

“It’s difficult to get good numbers out of China,” Brown said. “But think of the potential. They have 1.3 billion people and their income grows at 7% per year. They want more beef. International demand remains important to beef producers.”

Source: MU Extension.

USDA and Coca-Cola partner to replenish one billion liters of water to nature

USDA Secretary Tom Vilsack and Coca-Cola Americas President Steve Cahillane announced Sept. 13 a public-private partnership to restore and protect damaged watersheds on national lands. Together these efforts aim to return more than a billion liters of water to the National Forest System — which provides drinking water to more than 60 million Americans. The announcement was made at Midewin Tallgrass Prairie in Illinois.

“By working together, we can better protect our nation’s watersheds and further enhance restoration efforts, even during challenging budget times,” said Secretary Vilsack. “[This] partnership between Federal, private and nonprofit partners is just one example of the strong collaboration that allows government to continue providing results for the American people.”

The new collaboration between government, business and community organizations, including the National Forest Foundation (NFF) and National Fish and Wildlife Foundation (NFWF), which have also contributed funding for these projects, will leverage collective expertise to address increasing challenges on water resources. Additionally, federal dollars spent on these projects have been matched two-to-one by Coca-Cola, the National Fish and Wildlife Foundation, and the National Forest Foundation.

“Coca-Cola supports more than 100 water projects throughout the United States in an effort to balance the water we use and help to ensure clean water supplies for communities,” said Steve Cahillane, president, Coca-Cola Americas. “Our experience combined with the knowledge and resources of USDA and other partners will exponentially increase efforts to create healthier, more sustainable communities for all Americans.”

Source: USDA

Where Food Comes From announces joint marketing agreement with Micro Technologies

Where Food Comes From Inc. (WFCF), the resource for third-party verification of food-production practices, announced a joint marketing agreement Oct. 7 whereby the company assumes management of Micro Technologies’ process-verification program. Micro is a leading provider of technology solutions to the beef industry. Terms of the agreement were not disclosed.

Under the agreement, WFCF will conduct verification audits for approximately 1,000 new customers, including cattle ranchers, feedyards and backgrounders that were previously audited by Micro. These audits are expected to result in a new annual revenue stream of approximately \$700,000 for WFCF. In addition, the two companies will collaborate on creating new, leading-edge solutions for the beef industry.

John Saunders, chairman and CEO of WFCF, said, “We are looking forward to working with Micro on initiatives to innovate and integrate new verification programs and advanced management systems that add value to the entire beef supply chain.”

Source: WFCF.

