



Beef Business

► A look at current events affecting the cattle industry

Economic crisis slows meat exports

Limited credit availability, volatile currency exchange rates and global economic uncertainty will create an uphill climb for U.S. beef and pork exports in many foreign markets for the remainder of the year, according to *Meatingplace.com* and a November news release from the U.S. Meat Export Federation (USMEF).

USMEF President and Chief Executive Officer (CEO) Philip Seng stated the financial crisis has had a significant effect on U.S. meat exports.

According to the release, USMEF expects somewhat of a slowdown in U.S. meat exports to Japan, but perhaps not as much as other countries.

In South Korea, for example, a sluggish economy and a poor-performing Korean won only adds to many Korean retailers' reluctance to sell U.S. beef; and in Russia, economic hardships have led to an overstocked meat supply.

Animal housing proposition passes

The California ballot initiative on farm animal housing passed by a large margin as a result of November elections, with early results indicating 63% for to 37% against,

according to *Farm Futures*. Set to take effect in 2015, the initiative listed as Proposition 2 will affect the state's egg, swine and veal industries.

According to *Farm Futures*, Proposition 2 requires that all farm animals, "for all or the majority of any day," not be confined or tethered in a manner that prevents an animal from lying down, standing up, turning around or extending its limbs without touching another animal or an enclosure such as a cage or stall. It specifically addresses modern cage housing for hens and stalls for sows and veal calves and is expected to affect 95% of the state's egg production, opponents say. *Farm Futures* reports the proposition carries criminal penalties for violations, including fines and jail terms.

The American Veterinary Medical Association (AVMA) released a statement saying implementation of the proposition should include the advice of veterinarians and animal welfare scientists. "If we're not careful, animal health and welfare problems could be precipitated that are as significant as the concerns Proposition 2 aspires to address," Ron DeHaven, AVMA CEO, said.

Close to \$16 million was spent by those promoting their views on Proposition 2 in California, according to AVMA. DeHaven

said the same investment could have improved conditions for livestock across the country if it had been used to develop science-based and practical solutions to animal welfare problems.

USDA launches COOL listserv

The U.S. Department of Agriculture (USDA) Agricultural Marketing Service (AMS) has created a country-of-origin labeling (COOL) listserv to notify subscribers of additions to the agency's COOL web site, <http://ams.usda.gov/cool>.

The site includes various resources and links to current and historical legislative information. The COOL listserv offers subscribers immediate updates and helps retailers to more easily achieve compliance with COOL requirements.

For a link to this and other resources on COOL, visit Angus Productions Inc.'s (API's) topic site www.countryoforiginlabeling.info.

Invention competition announced

For the second year in a row, the Iowa Beef Center, part of Iowa State University Extension, will be awarding \$3,000 in cash prizes for the organization's "Iowa's Next Top Inventor" competition.

The Iowa Beef Center and *Iowa Farmer Today* are hosting the competition again in hopes of bringing attention to the challenges of storing, handling and feeding wet distillers' grains (WDGs).

For official rules and details on how to submit an entry into this year's competition before the Jan. 9, 2009, deadline, visit the Iowa Beef Center at www.iowabeefcenter.org. For more information about the competition, contact John Lawrence at jdlaw@iastate.edu or 515-294-6290.

USDA releases trade report

The United States is expected to import 1.213 million metric tons of beef in 2009, an increase of 7% from 2008, according to USDA statistics released this fall.

In a Livestock and Poultry World Markets and Trade report, USDA also forecast that Russia would increase beef imports by 2% to more than 1 million metric tons, while Japanese beef imports would rise 2% to 690,000 metric tons, despite a weakening economy.

South Korean beef imports are expected to rise 6% in 2009 to 340,000 metric tons.

U.S. beef exports are expected to rise nearly 10% to 934,000 metric tons in 2009 as Asian market opportunities expand.

Ethanol production continues growth

The U.S. ethanol industry is expected to grow in 2009, creating a substantial increase in the supply of distillers' dried grains with

U.S. cattle on feed down 5%

Cattle and calves on feed for harvest in the United States for feedlots with capacities of 1,000 or more head totaled 10.4 million head Oct. 1, 2008. The inventory was 5% below Oct. 1, 2007, figures and 9% below Oct. 1, 2006, figures.

Placements in feedlots during September totaled 2.28 million head, 6% below 2007 figures but 2% above 2006 figures. Net placements were 2.23 million head.

Marketings of fed cattle during September totaled 1.81 million head, 7% above 2007 figures and 3% above 2006 figures.

Other disappearance totaled 51,000 head during September, 6% below 2007 figures and 25% below 2006 figures.

Table 1: No. of cattle on feed, placements, marketings and other disappearance, 1,000+-head-capacity U.S. feedlots, Oct. 1, 2006-2008

	No. of head (1,000 head)			2008 as % of	
	2006	2007	2008	2006	2007
On feed Sept. 1 ^a	10,986	10,302	9,997	91	97
Placed on feed during Sept.	2,227	2,415	2,281	102	94
Fed cattle marketed during Sept.	1,760	1,696	1,812	103	107
Other disappearance during Sept. ^b	68	54	51	75	94
On feed Oct. 1	11,385	10,967	10,415	91	95

^aCattle and calves on feed are animals for harvest being fed a ration of grain or other concentrates and are expected to produce a carcass that will grade USDA Select or better.

^bIncludes death loss, movement from feedlots to pasture and shipments to other feedlots for further feeding.

Source: National Agricultural Statistics Service.

solubles (DDGS), a coproduct of ethanol, according to the U.S. Grains Council (USGC).

Ethanol production increased in 2008 by approximately 3 billion gallons (gal.) to 9.3 billion gal. compared to last year. Production is projected by Informa Economics to reach 11.9 billion gallons in 2009.

According to Ken Hobbie, USGC president and CEO, roughly 33% of the grain going into U.S. ethanol production will come out as DDGS.

Another council member noted the 2008-2009 marketing year, which just began Oct. 1, will likely experience an additional 50% increase in the availability of DDGS, reaching 31.3 million tons.

JBS purchases Smithfield, fights for National

Smithfield Foods Inc. announced Oct. 23 it completed the sale of Smithfield Beef Group Inc. to JBS S.A. for \$565 million.

According to Smithfield, the sale included 100% of Five Rivers Cattle Feeding LLC, which was previously owned jointly with Continental Grain Co.

Smithfield expected the net proceeds of the JBS transaction, including an additional

\$150 million in net proceeds from the sale of retained cattle inventory, to be used primarily for debt reduction.

Meanwhile, in late October, the U.S. Department of Justice (DOJ) filed a civil antitrust lawsuit in the U.S. District Court in Chicago to block JBS-Swift & Co.'s proposed acquisition of National Beef Packing Co., contending the deal would cause financial hardship on consumers and producers and harm industry competition, *Meatingplace.com* reports.

National Beef Packing Co. and majority owner U.S. Premium Beef LLC expressed disappointment following DOJ measures, saying it would contest the measure.

OSU presents budgeting tool

With the economy still in flux and agriculture production inputs like fertilizer still historically high, budgeting farm enterprises is even more essential to remaining profitable and sustainable. The Ohio State University (OSU) Extension is offering producers a budgeting resource tool to help guide them through the decision-making process of committing resources to the most profitable enterprises on the farm.

The 2009 Ohio Corn, Soybean and Wheat

Enterprise Budgets can be found at <http://aede.osu.edu/Programs/FarmManagement/Budgets>. Enterprise budgets updated so far for 2009 include corn-conservation tillage, soybeans-no-till and wheat-conservation tillage.

Checkoff debuts MBA

The Beef Checkoff has unveiled the Master of Beef Advocacy (MBA) program, comprising six, one-hour core courses in 2009, including beef, safety, beef nutrition, animal care, environmental stewardship, modern beef production and the Beef Checkoff, according to the Cattlemen's Beef Board (CBB). The courses can be taken online, and are self-directed.

Livestock labor focus of program

The Texas AgriLife Extension Service has created the Agricultural Workforce and Community Development Program to address worker retention and community involvement.

AgriLife Extension is working with major industry groups to deliver programs that address the needs of complex production agriculture systems.

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The pilot program has five basic components, including an executive management program, on-site workforce training programs, a longer-term vocational workforce program, a family and youth educational program, and analysis and support related to community impacts

Washington Watch

USMEF suggests export strategy

The new administration under President-elect Barack Obama should be prepared to try a new approach to improving trade relations with the United States' key export markets, USMEF President and CEO Philip Seng said following November elections.

Seng said he advises the new administration to consider creating a new sub-cabinet level position with responsibility for all trade-related issues, redefine the industry-government partnership, try a new approach to funding export market development, and ensure political appointments are based on credentials.

Meanwhile, two days after the election, South Korea's trade minister stated the country will not renegotiate the free trade agreement (FTA) between the U.S. and South Korea still pending approval by both U.S. and South Korean legislatures.

According to *Meetingplace.com*, during the campaign Obama said he wants to renegotiate the pact to strengthen "badly flawed" agricultural and manufacturing provisions.

Industry Events

Missouri Livestock Symposium Dec. 5-6, Kirksville, Mo.

The Missouri Livestock Symposium will be Dec. 5-6 at the Kirksville Middle School in Kirksville, Mo.

The symposium features a sold-out agriculture-related trade show, entertainment by country music star John Anderson, and speakers covering information on horses, beef cattle, sheep, meat goats, forages, stock dogs and renewable energy topics.

Presentations are targeted to livestock producers and are focused on practical information and application. Speaker biographies and more may be found on the Missouri Livestock Symposium web site at <http://missourilivestock.com>.

There is no preregistration or registration cost. The trade show and educational

seminars are free, and the symposium offers free meals.

More details about the Missouri Livestock Symposium are available at <http://missourilivestock.com>; by calling 660-665-9866 or 660-341-6625; or by e-mailing Bruce Lane at lanen@missouri.edu (put MLS in the subject line).

Farm transition workshops Jan. 2009, Kansas

To help families develop a plan to suit their operation, Kansas State University (K-State) Research and Extension and the K-State Farm Analyst Program will again host "Keeping the Family Farming" workshops in January 2009. The topics to be addressed include taxes and legal issues, business entity options, planning, finances, conflict resolution and more.

Meetings will take place in three locations, with a maximum of 20 to 25 families in each location:

- ▶ Fri., Jan. 2, and Sat., Jan. 17 – Chanute
- ▶ Fri., Jan. 3, and Sat., Jan. 16 – El Dorado
- ▶ Fri., Jan. 10, and Fri., Jan. 30 – Garden City

Participating families will have the option of meeting with someone from the Farm Analyst Program to review their personal situation. The cost for the two-day session is \$225 per family of four if paid by Dec. 15, plus \$75 for each additional participant. The cost per family of four after Dec. 15 is \$300.

More information is available online at <http://agmanager.info> (click on Upcoming Events) or by contacting Lavell Winsor at 785-313-4974 or lwinsor@ksu.edu.

ILC-USA 2009 Jan. 13, Denver, Colo.

The 2009 International Livestock Congress-USA (ILC-USA) will take place Jan. 13 in Denver, Colo. Beef producers, packers, retailers, students and other industry leaders will hear firsthand how retailers are meeting the protein demands of their consumers and, in turn, what those retailers are demanding of the suppliers of protein.

Topics will include globalization of the beef industry; complying with country-of-origin labeling (COOL); new-generation growth technologies; where to save and where to spend on the ranch; and the state of global trade.

Two optional tours are offered Monday, Jan. 12. Tour 1 will visit a packing plant and either an ethanol plant or a feedlot. Tour 2 will visit a major retail case-ready processing plant and new product demonstration at National Cattlemen's Beef Association (NCBA) headquarters.

ILC-USA 2009 will be at the Renaissance Denver Hotel, 3801 Quebec St., 303-399-7500. A special room rate of \$87 has been

secured for conference attendees who specify ILC-USA. The cost of registration is \$165 through Dec. 12, and \$195 thereafter. Students may attend for \$100. Registration includes the conference, grounds admission to the National Western Stock Show (NWSS) facilities, and all Jan. 13 activities, including a beef tasting experience. For schedule and registration information, visit www.theisef.com or call 303-777-5662.

2009 Cattle Industry Annual Convention

Jan. 28-31, Phoenix, Ariz.

This year's Cattle Industry Annual Convention will be Jan. 28-31 in Phoenix, Ariz., at the Convention Center.

The meeting will feature joint and individual meetings by five industry organizations, including NCBA, CBB, American National CattleWomen Inc. (ANCW), Cattle-Fax and the National Cattlemen's Foundation (NCF).

Visit www.beefusa.org for additional details and schedule updates as they become available.

For API coverage of the event, visit www.4cattlemen.com.

Burn workshops Feb. 19-21, March 5-7, Sonora, Texas

The Academy for Ranch Management will host two prescribed burn workshops in 2009 at the Texas AgriLife Research Station at Sonora.

Prescribed burning is a tool that can be used to manage rangeland vegetation for livestock and wildlife use.

"Burning is nature's way of maintaining a grass/shrub/tree complex without the use of chemicals or mechanical control methods," said Ray Hinnant, one of the workshop instructors. "Burning also reduces the risk of catastrophic wildfires by removing hazardous fuel loads."

The basic workshop is scheduled for Feb. 19-21, 2009, and the advanced workshop is scheduled for March 5-7, 2009.

The basic workshop will provide prescribed burning information on managing fuels and equipment for fire suppression and weather monitoring. Participants will develop a prescribed burn plan and will conduct a prescribed burn, Hinnant said.

"The basic workshop is a prerequisite to the advanced workshop," he said. "The advanced workshop provides additional information on weather and fuels with more emphasis on planning and directing a prescribed burn as the burn boss."

The fee for each workshop is \$395 and includes meals and on-site lodging. For more information and to register, call 979-820-1778 or 325-387-3168 or visit www.ranchmanagement.org.