



Beef Business

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

Clean management review for Beef Board

A management review of the Cattlemen's Beef Board (CBB) by the Livestock, Poultry and Seed Program of USDA's Agricultural Marketing Service (AMS) verified that the Beef Board is operating within the provisions of the Beef Promotion and Research Act and Order and in line with all applicable federal laws, regulations and policies.

"In our management review of CBB, we noted no reportable findings," declares the report from the AMS Compliance and Analysis Program staff, released the last week of December. "Our review showed that CBB adhered to the AMS Guidelines for Oversight of Research and Promotion Programs, as well as its own policies."

The review was completed per USDA requirements that AMS conduct management reviews of all commodity boards every three years. For this review, USDA compliance and analysis staff members were in CBB offices from July 15-19, 2013, during which time they met with senior management and examined support documents for various CBB activities.

"As secretary-treasurer of the Beef Board, I review finances of the Board on a monthly basis," said Jimmy Maxey, a cattle feeder in Fresno, Calif. "Having seen all of the policies and procedures at work in protecting our checkoff investments, I have confidence in the systems we have in place, so I can't say that I am surprised by the results. But I think these comprehensive reviews are critical to the transparency of checkoff operations to all producers and importers who pay the beef checkoff assessment."

As part of the financial audit, AMS selected a sample of 60 total disbursements — totaling \$9.84 million — for fiscal years 2011, 2012 and 2013 for review, as well as supporting documentation, account coding, proper approvals, amounts of disbursements and appropriateness per the disbursements policy. In addition, the team also performed a walkthrough of a monthly cost allocation for the National Cattlemen's Beef Association (NCBA), which is the Beef Board's largest contractor.

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Additional areas of review included risk assessment; accounting and financial management; cash receipts and receivables; disbursement and payables; insurance and fidelity bonds; contract compliance; promotional materials; recordkeeping and information collection; and travel and expense reimbursements, to name a few.

As part of its management review, the USDA team also examined a total of 12 contracts for fiscal years 2011, 2012 and 2013, and found them all "consistent with the Act, Order and AMS Guidelines that were in place when the contracts were signed." A review of 15 promotional materials covering a variety of topics and types were all found to be "properly communicated to and previously approved by AMS, [and] all of the materials were tied to an approved [Authorization Request]."

In addition to the management review, the compliance and analysis team from USDA gathered information while at the CBB offices to address the Office of the Inspector General's (OIG) recommendation for development of supplemental audit procedures for future CBB reviews. The information gathered will be used to develop those procedures.

"We are pleased to share the results of this management review with beef producers and importers nationwide," Maxey said, "so that they can feel confident that their hard-earned checkoff dollars are being invested with the utmost care and integrity."

A copy of the report is available at AMS Management Review of CBB, www.beefboard.org/news/files/FY2014/AMS%20Management%20Review%20findings%200114.pdf.

Source: CBB.

FDA extends comment period on measure to further reduce trans fat in processed foods

The *Federal Register* notice extending the comment period on the U.S. Food and Drug Administration (FDA) preliminary determination that partially

hydrogenated oils (PHOs), the primary dietary source of artificial trans fat in processed foods, are not "generally recognized as safe" (GRAS) for use in food was published Dec. 31. FDA issued a Constituent Update on Dec. 17 notifying the public that it had made the decision to extend the comment period and that publication of a *Federal Register* notice was being expedited.

The comment period is being extended by 60 days, to March 8, 2014. This extension is being provided in response to numerous stakeholder requests to provide additional time for comments.

FDA published a notice in the *Federal Register* announcing its preliminary determination on Nov. 8. FDA provided 60 days, until Jan. 7, 2014, for interested persons to provide comments and scientific data pertaining to the notice, including specific issues that FDA sought comments on such as possible alternative approaches, time needed for reformulation, burden on small businesses, and other technical challenges to removal of PHOs from the food supply.

Submit comments electronically to the FDA docket on www.regulations.gov, use docket number FDA-2013-N-1317.

To submit comments by mail, send to FDA at: Division of Dockets Management (HFA-305) Food and Drug Administration 5630 Fishers Ln., Rm. 1061 Rockville, MD 20852. All submissions must include the agency name and docket number.

Source: FDA.

FDA announces changes to be made to FSMA rules

The FDA announced Dec. 19 that it will be making significant changes to two of its proposed rules to implement the Food Safety Modernization Act (FSMA). See the official statement from Michael Taylor, FDA Deputy Commissioner for Foods and Veterinary Medicine, at www.fda.gov/Food/GuidanceRegulation/FSMA/ucm379397.htm.

The National Sustainable Agriculture Coalition (NSAC) and its member organizations mounted a major campaign to help farmers and consumers submit public comment to FDA on its proposed Produce Rule and Preventive Controls Rule. NSAC's Policy Director Ferd Hoefner offers these comments on the announcement:

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“We are encouraged that the Food and Drug Administration is starting in on a new approach. Thousands of sustainable and organic farmers and local food-system entrepreneurs responded with deep concerns to the original proposed rules FDA issued to implement the Food Safety Modernization Act (FSMA). We commend FDA for listening carefully to those concerns and coming to the proper conclusion that significant changes are needed.

“We are cautiously optimistic that the approach they announced (Dec. 19) — major changes on targeted issues that will be open for a second round of public comment — will be adequate for the task at hand, namely, to lead toward a substantially reworked, clearer and more practical proposal. The modernization of food-safety rules is a major undertaking, and it is more important to get it right than to meet any arbitrary deadlines for completion of the task.

“[The Dec. 19] announcement from the agency specifically flags four issues needing major reform — water-quality standards and testing, standards for using raw manure and compost, provisions affecting so-called mixed-use facilities (farms that engage in value-added agriculture), and due process considerations for farms who are eligible for qualified exemptions from FSMA requirements. We are in full agreement with



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— Ferd Hoefner

FDA that these sections of the proposed rules need a new approach and major changes.

“These are not, however, the only issues needing major revision. We therefore very much appreciate that FDA says additional issues may be included in the second comment period revision process. For example, the on-farm co-management of conservation and food safety practices, including wildlife habitat protections, is a critical issue. So too is defining farms to include usual and customary farming activities, as well as counting only regulated food and not all farm products in determining eligibility for modified

requirements. Moreover, rules must be written and included in this second public comment period to clarify that direct-marketing operations are not subject to food-facility registration, a clarification

Congress told FDA to make.

“It is important for major rulemakings to include careful economic and environmental analysis of the likely outcomes of implementation. The original economic cost-benefit analysis that accompanied the proposed rules was deeply flawed and needs to be redone. Farmers need to know that food-safety rules are not going to put them out of business. FDA’s scoping notice for the Environmental Impact Statement to accompany the rule was far too narrow. That, too, must be corrected before a legitimate rule-making can take place. Congress also directed FDA to put hard numbers on the scope of farming operations that could be considered food-processing facilities under the rule, the absence of which is another shortcoming of the rule-making process that demands further attention.

“Also, for a final rule to be truly effective, more discussion is needed on the details of how the federal-state interface will work to ensure effective implementation and prevent unfunded mandates. We urge FDA to continue its engagement with state departments of agriculture as it puts together the comprehensive list of provisions that

High global prices to continue as supply remains tight

The Rabobank Global Cattle Price Index has risen by 6% since June, driven by lower-than-expected beef supply in the main exporting countries and strong Asian demand, according to a report from the Rabobank Food & Agribusiness (FAR) Research and Advisory group.

According to the report, supply will remain tight, especially in the first half of 2014, driven by lower feed costs, induced herd rebuilding in the United States and the strong export demand from Brazil and Argentina, which will continue to support strong prices. In 2014, Rabobank forecasts continued high prices while global beef supply is expected to rise only slightly. Meanwhile, China’s demand for imports is expected to increase. The recent announcements to (re-)open import markets will benefit beef trade going forward.

Rabobank analyst Albert Vernooij says, “The Rabobank Global Cattle Price Index improved further in H2 (second half) 2013, supported by both continuing strong Chinese import growth and lower-than-expected supply in the main export markets, making cattle prices mainly positive.”

The market has been unable to reach its full potential due to consumers’ resistance against high prices in the United States and the European Union, still two of the main beef markets. In addition, exchange-rate movements have affected the competitive position of exporters, resulting in Brazilian and Argentine beef becoming increasingly attractive and leading to a surge in exports.

For the first half of 2014, Rabobank expects further upside for the global beef market, with cattle prices remaining elevated in

most regions. The main question in many regions remains where to source sufficient beef supplies. With herd rebuilding as the first priority globally, supported by improving climate conditions and moderating feed costs, global beef production will increase only slightly and is expected to decline sharply in key markets like the United States. The main demand wildcard will be consumer resistance to high beef prices and the growing availability of competing animal proteins due to the improved margin outlook as feed prices tumble.

“China’s importance and influence on the global beef market is set to continue to increase in 2014,” commented Vernooij. “China’s imports of both frozen and chilled beef are expected to grow further, driven by the shortage of beef in the domestic market, reflected in record-high retail prices. We believe that the value of the Chinese markets will grow in excess of 10% annually over the next three years.”

A number of recently announced trade deals will also come to bear in the beef market over the coming months and years, including commitments to reopen closed or impeded markets for beef imports and the trans-pacific partnership (TPP), which set goals to improve trade between five beef-exporting countries. The removal of trade barriers will be positive for global beef trade and, combined with lower feed costs, should support renewed investment in the global beef industry.

Source: Rabobank AgriFinance.

need to be modified for a second round of public comment.

“We look forward to working with FDA as they finish their review of the public comments and as they put together a second set of proposals on key issues for public comment. We pledge to continue to work with FDA, other farm groups, and with concerned senators and representatives to ensure that FSMA implementation leads to a flexible, scale- and supply-chain-appropriate framework that supports the growth and success of a more sustainable food and agriculture system.”

Source: NSAC.

NASS to release preliminary results of 2012 Census of Agriculture on Feb. 20, 2014

The USDA's National Agricultural Statistics Service (NASS) will release preliminary results of the 2012 Census of Agriculture on Feb. 20, 2014. The release, which will provide an initial look at national and state findings, will take place at the Ag Outlook Forum. NASS will release the full census results at a later date and is working to set a revised schedule that ensures the highest-quality data. The release date was

delayed by the work stoppage caused by the lapse in federal funding in October 2013.

Source: NASS.

FDA approves Salmonex™ as new food-processing aid

The FDA and USDA have announced approval of Salmonex™ as a “GRAS” (generally recognized as safe) food-processing aid to help combat salmonella. The new product consists of natural phages against salmonella and is produced by Microeos of The Netherlands. The company will begin large-scale projects with U.S. poultry processors in January.

Each year, millions of people in the United States become sick from foodborne infections. Large salmonella outbreaks in 2013 have caused public concern. In the recent Foster Farms outbreak, 13% of those sickened had *Salmonella septicemia*, a serious, life-threatening whole-body inflammation. Some salmonella strains are showing resistance to multiple antibiotics, and that means more infections will be harder for physicians to treat.

Dirk de Meester, business development director for Microeos, said, “Salmonex eliminates salmonella, rather than merely

inhibiting its growth. It is easy to apply — it can be sprayed topically or added to chill-tank water. We anticipate that it will soon be listed by the Organic Material Review Institute (OMRI) for use in organic foods, just like Listex™, our phage product against listeria.

“Research has shown that Salmonex does not dissipate in the presence of protein,” he continued. “Thus, the product enables processors to reduce the use of chemicals and reach salmonella in places where antimicrobial chemicals are ineffective, for example in follicles which close when exposed to cold water in a chiller.”

Source: Microeos.

Elanco expands vaccine presence with Titanium and Master Guard Purchase

Elanco, the animal health division of Eli Lilly and Co., announced Nov. 11 that the company will purchase the Titanium® and Master Guard® brands from AgriLabs®. These well-known cattle vaccine brands will complement Elanco's growing vaccine portfolio, including the recently approved Viralign 6®, the only modified-live combination vaccine to protect against

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bovine viral diarrhea (BVD) virus, which is now the most predominant BVD virus strain in the United States.

Elanco will continue to deliver these highly respected brands in the same manner producers have come to expect and will work closely with AgriLabs to ensure a seamless transition. Elanco will support all 2013 programs and pricing, and customers should continue to place orders through existing channels.

“At Elanco, we are committed to providing innovative solutions to enhance food production and companion animal care. We are pleased our growing vaccine portfolio and pipeline will offer Elanco customers a broader array of options to better meet their specific needs for disease prevention,” said Jeff Simmons, president, Elanco.

In the next few decades, global population is expected to exceed 9 billion, and 3 billion

will move into the middle class, the fastest middle class growth in our history. With that growing affluence will come a 60% increase in demand for meat, milk and eggs, according to the United Nations Food and Agriculture Organization.

“With beef stocks at all-time lows and demand outpacing dairy supply globally, we must continue to provide innovative solutions that will help producers increase the affordability and availability of animal protein,” said Rob Aukerman, president of U.S. operations at Elanco. “We have diversified our portfolio and sources of innovation to deliver more options and solutions to our customers.”

Source: Elanco.

Brazil, United States agree to amend rules limiting bilateral beef trade

The USDA and the Brazil Ministry of

Agriculture, Livestock and Food made a joint statement Dec. 18:

The United States and Brazil are two of the world’s largest agricultural producers and exporters. Over the last 20 years, the USDA and Brazil’s Ministry of Agriculture, Livestock, and Food Supply (MAPA) have collaborated on many agriculture issues and currently have some 100 agricultural cooperative activities. As global leaders in the use of innovative agricultural production technologies, both countries share a keen interest in exploring further agricultural cooperation.

Both Brazil and the United States maintain a strong commitment to science-based rulemaking. USDA and MAPA recently agreed to a path forward to amend rules that currently limit bilateral beef trade. Bilateral trade of all beef and beef products could occur once each exporting country meets the importing country’s equivalence and technical requirements for animal health and food safety.

— *Release by the USDA.*

Ag secretary reports progress at U.S.-China Joint Commission on Commerce and Trade

Ag Secretary Tom Vilsack reported progress on a number of trade issues with China as a result of the 24th U.S.-China Joint Commission on Commerce and Trade (JCCT), which wrapped up Dec. 23 in Beijing.

The JCCT is the highest-level bilateral forum for the resolution of trade and investment issues between the United States and China. Commerce Secretary Penny Pritzker and U.S. Trade Representative Michael Froman co-chaired the JCCT with China’s Vice Premier Wang Yang.

“My discussions with Premier Li Keqiang and other Chinese leaders laid the groundwork for future cooperation related to our shared interests in food security, food safety and sustainability, as well as the expansion of export opportunities for American farmers and ranchers,” Vilsack said.

At the JCCT, a number of high-priority issues for agriculture were discussed, including access for beef and horticultural products, the approval process for biotechnology products, and import suspensions for four states related to avian influenza.

On beef access, the United States and China reached consensus to continued dialogue, with the intention to restore market access by the middle of 2014.

On horticulture, the secretary reaffirmed a pathway for reopening China’s market for Washington apples and California citrus.

On biotechnology, the secretary conveyed

International Year of Family Farming celebrated

The 2014 International Year of Family Farming (IYFF) aims to raise the profile of family farming and smallholder farming by focusing world attention on its significant role in eradicating hunger and poverty, providing food security and nutrition, improving livelihoods, managing natural resources, protecting the environment, and achieving sustainable development in rural areas in particular.

The goal of the 2014 IYFF is to reposition family farming at the center of agricultural, environmental and social policies in the national agendas by identifying gaps and opportunities to promote a shift toward a more equal and balanced development. The 2014 IYFF will promote broad discussion and cooperation at the national, regional and global levels to increase awareness and understanding of the challenges faced by smallholders and help identify efficient ways to support family farmers.

A master plan has been drafted to outline the vision and objectives of the IYFF. This document is based around three key questions: What is family farming? Why is family farming important? How can the IYFF safeguard, support and empower family and smallholder farmers? This useful tool identifies and explains the four key objectives of the IYFF and three main lines of action for a successful implementation of the international year.

The master plan of the 2014 International Year of Family Farming can be viewed at www.fao.org/fileadmin/user_upload/iyff/docs/Final_Master_Plan_IYFF_2014_30-05.pdf.

National Farmers Union (NFU) President Roger Johnson issued the following statement declaring the organization’s support for the United Nations (UN) declaring 2014 the International Year of Family Farming:

“As a grassroots organization comprised of family farmers, NFU is pleased that the UN has made this declaration and will be celebrating the rich tradition of family farming about which we so deeply care.

“Family farming touches the lives of every single person in the United States and the world. Our family farmers work tirelessly to provide an affordable, abundant supply of food, feed, fiber and fuel and are proud of our labors. In 2014, Farmers Union will be extending its efforts to ensure that more people are able to recognize where their food comes from, and how critical agriculture is to even the most urban areas.

“NFU works with its membership to ensure that the best policies are put in place across the country and around the world so that consumers are supported, our environment is cared for, and future generations continue the legacy of family farming. To support our efforts, we are encouraging everyone to get involved and join their local Farmers Union. Information can be found at www.NFU.org/membership.”



Source: IYFF and NFU.

a need to streamline China's biotech approval process, and gave his commitment to begin implementation of a pilot program on the review of biotechnology products. China also agreed to discuss U.S. concerns regarding China's requirement for the use of viable seed in applications for biotechnology approvals.

On avian influenza, the secretary raised lifting bans on poultry due to avian influenza. China responded that they were analyzing information provided by USDA.

In his separate discussions with Agriculture Minister Han Changfu, Vilsack shared a proposal for a revised Memorandum of Understanding focused on science and technology cooperation in the field of agriculture.

The two countries also committed to hold a second High Level Agricultural Symposium in 2014, with support from the U.S.-China Agriculture and Food Partnership (AFP). The recently formed AFP also organized a kick-off reception in honor of Vilsack's visit, including a broad range of U.S. and Chinese agribusiness leaders and high-level Chinese government officials.

Source: USDA.

Angus Journal coverage of ARSBC symposium online

"Reproductive technology holds the key that will allow beef producers to quickly achieve the best genetics suited to their cattle-production goals," said 2013 Applied Reproductive Strategies in Beef Cattle (ARSBC) conference chair Dee Whittier, professor in the department of large animal clinical sciences at the Virginia-Maryland Regional College of Veterinary Medicine at Virginia Tech.

The *Angus Journal* provided online coverage of the event, which included streaming video during the conference, at www.appliedreprostrategies.com/2013 thanks to the sponsorship of the Beef Reproduction Task Force and *LiveAuctions.tv*. All content for speakers from the October conference, including a written summary of each speaker, PowerPoint presentations, proceedings and audio are posted.

The concept of the ARSBC began about 10 years ago when leaders in beef cattle reproduction recognized the need for in-depth education to increase reproductive performance in beef cattle, particularly new techniques for synchronizing estrus. Since then, ARSBC educational events have been hosted in numerous states around the country. Past conference coverage by the

Angus Journal editorial staff can be accessed from www.appliedreprostrategies.com.

Range Beef Cow Symposium online coverage complete

The Range Beef Cow Symposium (RBCS) is a biennial educational event designed as "in-service training for cow-calf ranchers." Presenters spoke about beef industry issues, genetics, reproduction, range and forage management, cattle health, beef nutrition and more.

The *Angus Journal* editorial team coordinated an online event coverage website for the RBCS, which was Dec. 3-5 in Rapid City, S.D., and included a live webcast from *LiveAuctions.tv*. Visit the Newsroom at www.rangebeefcow.com for summaries, PowerPoint presentations, proceedings papers, audio and additional references provided by speakers. All content for speakers from the December conference are posted.

The Range Beef Cow Symposium began in 1969 as a joint effort of the Extension services from South Dakota State University, Colorado State University, the University of Wyoming and the University of Nebraska. It includes a two-and-one-half day educational program, bull-pen sessions with the speakers each evening and a trade show with displays from the beef industry. 