



Beef Business

► A look at current issues affecting the cattle industry. Compiled by **Shelby Mettlen**, assistant editor

Bipartisan agreement establishes first mandatory, nationwide label for GMO foods

On June 23, U.S. Senator Debbie Stabenow (D-MI), ranking member of the Senate Committee on Agriculture, Nutrition, and Forestry and Committee Chairman Pat Roberts (R-KS) reached a bipartisan agreement on legislation that would require the first mandatory, nationwide label for food products containing genetically modified organisms (GMOs).

The agreement would establish a national, mandatory system of disclosure for food that contains GMO ingredients.

Source: U.S. Senate Committee on Agriculture, Nutrition and Forestry.

Industry leaders react to GMO labeling agreement

On June 23, House Agriculture Committee Ranking Member Collin Peterson spoke after Senate Agriculture Committee leaders announced an agreement on labeling foods containing genetically engineered crops.

“Today’s announcement brings us closer to providing clear labeling guidelines for genetically engineered crops. A patchwork of labeling laws across state lines is simply not workable, and I am committed to finding a solution that balances the consumer desire for information with the scientific evidence of the safety of these crops. I will be closely reviewing this bill and listening to stakeholder input as this process moves forward.”

National Farmers Union (NFU) President Roger Johnson responded to the announcement saying he is “pleased to learn that Senate Agriculture Committee Chairman Roberts and Ranking Member Stabenow have reached an agreement on the national biotech labeling debate. Both producers and consumers have sought a solution to this issue, and I applaud this bipartisan effort as an important step in the process.”

House Agriculture Committee Chairman Michael Conaway stated, “I applaud the tireless efforts of Chairman Roberts to find an agreement on biotechnology labeling. It is important to note that nearly one year ago, 275 House members voted on a bill to establish a voluntary nationwide program that would give consumers access to information about their food, protect advancements in

food production and innovation, and end the patchwork of state laws threatening interstate commerce. Unfortunately, due to Senator Stabenow dragging this process out for months, Congress will not be able to act before Vermont’s mandatory labeling law goes into effect on July 1. Although the House acted in a timely manner, I have just received the text of the agreement and will need time to review the language and the varied impacts, be they positive or negative, before stating my support or opposition.”

National Council of Farmer Cooperatives (NCFC) President Chuck Connor said, “The bipartisan agreement reached today . . . is a solution to the issue of GMO food labeling that America’s farmer co-ops and their producer-owners strongly support. The package is also a victory for consumers across the country, who will have more information about how their food was produced than ever before.”

American Farm Bureau Federation (AFBF) President Zippy Duvall openly opposed the proposed regulations.

“There are no — and never have been any — documented health risks from genetically engineered food in the marketplace. The American Farm Bureau Federation continues to oppose mandatory food labels that are not necessary for health or safety reasons. We also oppose a patchwork of state-by-state labeling rules. We are reviewing this legislative proposal, and over the next few days will determine how it fits with our policy. We will also assess its impact on farmers’ abilities to use modern agricultural technology to produce more, high-quality food.”

Sources: House Committee on Agriculture, NFU, NCFC and AFBF.

Beef production up, record-high pork production for May

According to a report released June 23 by the USDA National Agricultural Statistics Service (NASS), commercial red meat production for the United States totaled 4 billion pounds (lb.) in May, up 5% from the 3.81 billion lb. produced in May 2015.

Beef production, at 2.03 billion lb., was 5% above the previous year. Cattle slaughter totaled 2.51 million head, up 6% from May 2015. The average live weight was up 1 lb. from the previous year, at 1,333 lb.

Veal production totaled 6 million lb., 9%

below May a year ago. Calf slaughter totaled 35,500 head, up 7% from May 2015. The average live weight was down 49 lb. from last year, at 286 lb.

Pork production totaled 1.95 billion lb., up 5% from the previous year. Hog slaughter totaled 9.18 million head, up 5% from May 2015. The average live weight was down 1 lb. from the previous year, at 283 lb.

Lamb and mutton production, at 13 million lb., was up 9% from May 2015. Sheep slaughter totaled 185,300 head, 9% above last year. The average live weight was 140 lb., down 1 lb. from May a year ago.

January to May 2016 commercial red meat production was 20.2 billion lb., up 3% from 2015. Accumulated beef production was up 4% from last year, veal was down 6%, pork was up 1% from last year, and lamb and mutton production was up 1%.

Source: USDA.

K-Coe Isom responds to U.S. House tax reform effort proposal

On June 27, K-Coe Isom commented on the tax reform proposal released by U.S. Speaker of the House Paul Ryan. Ryan proposes to reduce individual and corporate tax rates in the United States and take steps toward simplifying the tax code.

“This appears to be a great start to an important effort,” said K-Coe Isom CEO Jeff Wald. “Farmers in the United States support the goals of lowering tax rates and simplifying the tax code, provided those efforts don’t take away the flexibility farmers rely upon for their businesses and for financial planning.”

Some of the specific items in the House Republican tax proposal that could affect farm businesses and families include:

- Provide all businesses with the benefit of full and immediate write-offs of their investments in both tangible and intangible assets.
- Repeal all estate taxes.
- Repeal the Alternative Minimum Tax (AMT).
- Streamline the current seven-tiered tax rate structure of 10% to 39.6% for individuals to a lower three tax brackets, 12%, 25% and 33%.
- Lower the corporate tax rate to 20%.
- Reduce the double taxation of corporate income through the reduction of tax on

dividends and capital gains of individual shareholders.

- ▶ A new 25% business tax rate for small businesses that are organized as sole proprietorships or pass-through entities.

K•Coe Isom is a national agriculture accounting and consulting firm that represents farmers and ranchers throughout the United States. In 2013, K•Coe Isom helped launch Farmers for Tax Fairness, a national coalition of farmers who worked to educate Congress on the importance of cash accounting to U.S. farmers.

Source: K•Coe Isom.

Rabobank releases second quarterly report on global beef

The Rabobank global beef index ticked up in the first quarter (Q1) of 2016 after declining for much of 2015. However, it shows signs of dropping again as softening prices in the United States and Canada battle strengthening prices in Australia and Brazil, according to the “Rabobank Global Beef Quarterly Q2 2016.”

“Volatility is a key theme across most markets at the moment,” says Angus Gidley-Baird, senior animal protein analyst at Rabobank. “A range of factors [is] creating a degree of uncertainty, including the economy and exchange rates influencing Brazil, seasonal conditions impacting Australia, the economy impacting China, and market volatility impacting the U.S.”

Brazil is continuing to increase exports, the report shows. The low value of the real, high domestic prices and the slow economic conditions will continue to support increased Brazilian beef exports. Exports to China, which reopened in June 2015, totaled more than 70,000 tons from January to May, while exports to Saudi Arabia, another new market, are more than 11,000 tons in the first five months of 2016.

China’s slowing economy is affecting general beef consumption, but higher- and middle-income earners are supporting continued imports as they continue to seek quality beef products. Beef prices will remain stable in the coming quarter, as supply and demand are likely to be balanced.

Australian cattle supplies remain tight and prices strong. Australian cattle prices are expected to remain strong through the third quarter (Q3), given ongoing tight cattle supplies. Buoyed by recent rains, cattle prices have again risen to record levels in June.

U.S. market volatility continues to be a market disrupter. The combination of marked week-to-week price volatility, and equal volatility in the futures market, has made marketing decisions difficult to impossible.

Europe is the most stable beef production region right now, with prices strengthening

slightly, supported by steady exports, in particular to Turkey, despite ample availability of beef and low prices of competitive proteins.

Source: Rabo Agrifinance.

Interior appropriations bill advances through committee

On June 15, the House Committee on Appropriations favorably reported the FY 2017 Interior and Environment appropriations bill to the House of Representatives by a vote of 31-18. The bill addresses a number of priorities for the livestock industry, including language regarding the Greater sage grouse and full defunding of the Environmental Protection Agency’s (EPA’s) problematic “*Waters of the United States*” rule.

“The bill maintains the one-year delay on further rulemaking or listing of the Greater Sage Grouse under the *Endangered Species Act* and prevents implementation of federal management that is inconsistent with successful, ongoing state management of the species,” said Ethan Lane, executive director of the Public Lands Council (PLC) and National Cattlemen’s Beef Association (NCBA) Federal Lands. “Additionally, the bill fully defunds EPA’s *Waters of the United States* final rule and begins to address the abuse of the *Antiquities Act* by limiting the president’s ability to make sweeping designations at the stroke of [a] pen and over local objections.”

The bill also blocks the president’s proposed administrative fee on top of the grazing fee. Additionally, it reduces funding for the Land and Water Conservation Fund to \$322 million, restoring some responsibility

and prioritizing state and local projects while reducing funding for federal land acquisition. Payment in Lieu of Taxes was fully funded, offsetting the loss of local tax revenue for public lands, and the bill increases funding for wildfire suppression to \$3.9 billion. Furthermore, the bill provides some additional flexibility and management for the overpopulation of wild horses.

Source: PLC.

Senate holds oversight hearing on sage grouse habitat management

On June 28, the Senate Energy and Natural Resources Subcommittee on Public Lands, Forests and Mining held an oversight hearing on the federal sage grouse plans and their impact to successful ongoing state management of the species. Brenda Richards, Owyhee County, Idaho, rancher and president of the Public Lands Council, testified on behalf of the organization and NCBA. Richards said that any federal management plan must first recognize the essential contribution of grazing to conservation.

“Ranchers across the west have a vested interest not just in the health of their livestock, but in the rangelands that support their herds and the wildlife that thrive alongside them,” said Richards. “The businesses they operate form the economic nucleus of many rural communities, providing jobs and opportunities where they wouldn’t exist otherwise. Additionally, ranchers often serve as first responders in emergency situations across vast, remote stretches of unoccupied federal lands. Simply

CONTINUED ON PAGE 141

put, public lands ranchers are an essential element of strong communities, healthy economies and productive rangelands across the West.”

Across the West, roughly 22,000 ranchers steward approximately 250 million acres of federal land and 140 million acres of adjacent private land. With as much as 80% of productive sage grouse habitat on private lands adjacent to federal permit ground, this makes private partnership essential in increasing sage grouse numbers. However, concern remains that local stakeholder input is being ignored by the Bureau of Land Management (BLM).

“Items such as focal areas, mandatory stubble-height requirements and withdrawals of permits impose radically severe and unnecessary management restrictions on this vast area in opposition to proven strategies,” said Richards. “Rather than embracing grazing as a resource and tool for conservation benefit, these plan amendments impose arbitrary restrictions to satisfy requirements for newly minted objectives such as focal areas and net conservation benefit. Wildfire, invasive species and infrastructure are the major threats to sage grouse habitat, and they are all most effectively managed through grazing.”

According to the latest data from the Western Association of Fish and Wildlife Agencies’ August 2015 report, *Greater Sage Grouse Population Trends: An Analysis of Lek Count Databases 1965-2015*, the number of male grouse counted on leks range-wide went from 43,397 in 2013 to 80,284 in 2015. That’s a 63% increase in the past two years and contributes to a minimum breeding population of 424,645 birds, which does not include grouse populations on unknown leks.

“The results of these voluntary, local conservation efforts around the West are undeniable; habitat is being preserved, and the sage grouse populations are responding,” said Richards. “Proper grazing specifically addresses the biggest threats to sage grouse habitat, while reduced grazing allows these threats to compound. To arbitrarily restrict grazing when it’s needed most is a recipe for failure. Local input and decades of successful, collaborative conservation efforts must be the starting point for future federal involvement, not an afterthought, as it is now being treated.”

Public lands ranchers encourage the BLM and federal agencies to work with them to continue to conserve and protect sage grouse habitat.

Source: NCBA.

