



# Beef Business

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

## Cattle producers meet in Denver to establish direction for industry

Recently, more than 700 cattle producers gathered in Denver, Colo., for the annual Cattle Industry Summer Business Meeting to set the direction for multiple organizations. The event included meetings of the National Cattlemen's Beef Association (NCBA), Cattlemen's Beef Board (CBB), American National CattleWomen (ANCW) and the National Cattlemen's Foundation (NCF). The purpose of this yearly summer business meeting is to create the framework for policy and checkoff efforts on behalf of U.S. cattle producers for the year ahead.

The meeting officially kicked off with the Opening General Session, featuring a panel of experts discussing the benefits of trade, specifically the Trans-Pacific Partnership (TPP). The panel was moderated by Oklahoma farm broadcaster Ron Hays and included Kent Bacus, NCBA director of international trade, Thad Lively with the U.S. Meat Export Federation (USMEF), and Bill Westman from the North American Meat Institute (NAMI).

"Trade is a critical component of the cattle industry's profitability, and expanding exports through current and future trade agreements like TPP hold tremendous

potential for our producers," said Tracy Brunner, NCBA president. "The panel at the opening general session was a great opportunity to discuss the impacts of reducing the tax on U.S. beef into Japan and highlight the gains that can be made by growing export markets."

Checkoff committees representing convenience, freedom to operate, global growth, beef's image, market research, taste, value and nutrition, and health began in the afternoon and continued through the week. At the same time, NCBA policy committees, representing agricultural and food policy, tax and credit, cattle health and well-being, federal lands, cattle marketing and international trade, property rights, and environmental management met.

"These committee meetings on both the policy and checkoff sides of the organization are where the work of the association is done by our producer leaders and state affiliates to set the direction for the year ahead," said Brunner. "The policy resolutions brought forward and the discussions at this meeting set the agenda for our efforts in Washington, D.C. In the same way, the checkoff committee meetings set the direction for checkoff programs to grow beef demand on behalf of all cattle

producers as we conclude this year and look to 2017."

For more information, see "Policy Updates" on page 232.

Source: NCBA.

## USDA report shows record-high red meat production for June

Commercial red meat production for the United States totaled 4.23 billion pounds (lb.) in June, up 5% from the 4.02 billion lb. produced in June 2015.

Beef production, at 2.19 billion lb., was 10% above the previous year. Cattle slaughter totaled 2.71 million head, up 10% from June 2015. The average live weight was up 3 lb. from the previous year, at 1,335 lb.

Veal production totaled 6.4 million lb., 8% below June a year ago. Calf slaughter totaled 37,600 head, up 7% from June 2015. The average live weight was down 45 lb. from last year, at 291 lb.

Pork production totaled 2.01 billion lb., up 1% from the previous year. Hog slaughter totaled 9.57 million head, up 1% from June 2015. The average live weight was down 2 lb. from the previous year, at 280 lb.

Lamb and mutton production, at 13.2 million lb., was down 2% from June 2015. Sheep slaughter totaled 195,200 head, slightly above last year. The average live weight was 135 lb., down 3 lb. from June a year ago.

January to June 2016 commercial red meat production was 24.4 billion lb., up 3% from 2015. Accumulated beef production was up 5% from last year, veal was down 7%, pork was up 1% from last year, and lamb and mutton production was up slightly.

Source: USDA National Agricultural Statistics Service.



## USDA announces changes in Brazil beef trade

The USDA Food Safety and Inspection Service (FSIS) announced Aug. 1 the import of fresh, chilled or frozen beef products from states within Brazil will resume. Following a multi-year process, the USDA FSIS has concluded that select Brazil meat plants have reached necessary U.S. standards to export products. The states will be included under

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an amended list of regions eligible for export to the United States.

The United States Cattlemen's Association (USCA) has worked for nearly a decade on this issue and is disappointed in the USDA's announcement. The safety of the U.S. domestic herd remains at stake given Brazil's ongoing foot-and-mouth disease (FMD) problem and continued bad-acts within the international trade community. Unfortunately, given the lack of prescriptive labeling now available in the United States, consumers will also be impacted by today's announcement.

This topic will be discussed at length at the upcoming USCA Annual Meeting and Producer's Forum Sept. 9-10, 2016, in Billings, Mont. More information on the meeting and agenda may be found at [www.cattlemensmeeting.com](http://www.cattlemensmeeting.com).

*Source: U.S. Cattlemen's Association.*

### **R-CALF USA responds to USDA's action to allow raw Brazilian beef imports**

On Aug. 1, Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA) CEO Bill Bullard released a statement saying, "Today's announcement by

Agriculture Secretary Tom Vilsack stating he is reopening the U.S. market to raw Brazilian beef and Brazil is reopening its market to U.S. beef is a political tit-for-tat that will expose U.S. consumers and the U.S. cattle herd to an unnecessary and avoidable risk of disease."

Bullard said Vilsack's announcement for the nearly simultaneous market reopenings reads like talking points created by high-paid, multinational meatpacker lobbyists.

Vilsack stated in his announcement: "The Brazilian market offers excellent long-term potential for U.S. beef exporters. The United States looks forward to providing Brazil's 200-million-plus consumers, and growing middle class, with high-quality American beef and beef products."

Bullard called the statement "absurd," adding, "Brazil produces far more beef than it can consume. This is why, with the world's second-largest cattle herd, which far and

away dwarfs the size of the U.S. herd, Brazil is the world's third-largest beef exporter, behind only India and Australia. And like India and Australia, Brazil's imports of U.S. beef for longer than a decade before it closed its borders to U.S. beef in 2003 were miniscule.

"To say that the Brazilian market affords U.S. cattle producers with economic opportunities would be laughable if not for the significant risk associated with Vilsack's weakening of our longstanding import restrictions for countries like Brazil that continue to battle foot-and-mouth disease and other dangerous livestock diseases."

Bullard claims that one of the reasons it has taken so long for the USDA to approve raw beef imports from Brazil was because Brazilian cattle and their resulting beef continued to exceed tolerance levels for pesticides such as Ivermectin.

"Brazil lacks the resources and infrastructure to maintain health and safety



standards that are at least equal to that of the United States,” said Bullard, adding, “That is why the USDA lowered the U.S. standard to that of mere equivalency — which essentially means ‘close enough.’”

Bullard called the action “reckless,” adding that it helps multinational meatpackers leverage down U.S. cattle prices with increased imports that do not meet identical U.S. safety standards.

*Source: R-CALF USA.*

### **Rabobank report on protein markets explores outlook for U.S. farmers**

As U.S. protein producers are currently seeing record growth in demand, prices over the next couple of years are predicted to fall. These findings are part of *Chickens, Cows, and Pigs ... Oh My! Implications of Record U.S. Protein Expansion*, a new report from the Rabobank Food & Agribusiness Research and Advisory group, that explores the impact of growth on the future of the market.

Production of protein in the United States is projected to grow at a rate of 2.5% annually. However, after a 5% jump in consumption within the domestic market, there are still many questions about demand at home.

“While we don’t foresee margins falling to the lows of 2008 and 2009 as prices decline through 2018, any producer considering a possible sale or divestiture should move quickly, as the outlook for margins and valuation multiples isn’t moving in their favor,” notes report author and Rabobank Senior Analyst Will Sawyer.

The report finds the next couple of years will be significant for all protein markets due to the strengthening of the dollar, specifically against currencies such as the Canadian dollar, Japanese yen and Mexican peso.

“2015 saw the largest increase in U.S. per capita meat consumption in 40 years. We expect growth to taper in the coming years (2016 through 2018) and for it to be much more evenly weighted between the three proteins,” says Sawyer.

The report also mentions that consumers can expect lower meat prices in the near future, especially in terms of beef and pork.

A full copy of *Chickens, Cows, and Pigs ... Oh My! Implications of Record U.S. Protein Expansion*, is available by contacting Sarah Kolell at Rabo AgriFinance or Jessup Wiley at Rabobank, North America.

*Source: Rabo AgriFinance.*

### **AFBF on National Biotech Disclosure law**

President of the American Farm Bureau Federation (AFBF) Zippy Duvall made a statement on July 29 addressing President Obama’s signing of the National Biotechnology Disclosure law in regards to national labeling of genetically modified organisms (GMOs). Duvall praised the action and showed support for the new ruling, saying:

“President Obama’s signature will put a stop to the harmful patchwork of state GMO-labeling laws and set in place a uniform, national disclosure system that will provide balanced, accurate information to consumers. For decades, biotechnology has made it possible for farmers to grow safe and healthful crops while reducing their environmental impact. We are pleased that Congress and the administration have moved swiftly to prevent consumer confusion and protect agricultural innovation.”

*Source: AFBF.*

