



Beef Business

► A look at current events affecting the cattle industry

Hong Kong resumes U.S. beef trade

Agriculture Secretary Mike Johanns announced late December 2005 that Hong Kong — once the fifth-largest market for U.S. beef products — would again be accepting U.S. beef exports. The agreement allows the U.S. to export boneless beef from cattle less than 30 months of age to Hong Kong under the Beef Export Verification Program.

Johanns applauded the Hong Kong government for making trade decisions based on internationally accepted scientific standards.

The United States exported \$90 million worth of beef and beef products to Hong Kong in 2003, prior to the ban caused by the December 2003 case of bovine spongiform encephalopathy (BSE).

According to the U.S. Department of Agriculture (USDA), the United States, at press time, had recovered access to markets valued at more than \$2.8 billion, or 74% of the 2003 export value.

CAFTA delayed

Although several Latin American countries had hoped the Central American Free Trade Agreement (CAFTA) would take effect on the first of the year, delayed legal and regulatory reform has slowed the process, *The Associated Press* reported.

The agreement was to eliminate trade barriers between the United States, Central America and the Dominican Republic, but all six of the associated countries have failed to meet U.S. technical changes and customs procedures required for import.

According to AP, Honduras, El Salvador and Guatemala had hoped to meet entry requirements by Feb. 1. Nicaragua probably won't join until March, and the Dominican Republic won't be ready until July 1, the article noted. Costa Rica had yet to ratify the pact.

Proponents of CAFTA are fearing business and trade losses due to the delay, while some farm groups, which feared negative effects on small producers and local businesses, are enjoying the temporary victory.

APHIS posts final rule on Japanese imports

The Animal and Plant Health Inspection Service (APHIS) published regulations in the *Federal Register* amending the importation of

meat to allow, under certain conditions, the importation of whole cuts of boneless beef from Japan, the American Meat Institute (AMI) reports.

Under APHIS guidelines, beef can be safely imported to the United States from Japan under the following conditions:

- The beef is prepared in an establishment that is eligible to export under the Federal Meat Inspection Act, which includes provisions regarding removal of specified risk materials (SRMs) under appropriate conditions and prohibits the use of air-injection stunning devices.
- Beef must not be derived from cattle subjected to a pithing process at harvest.
- These mitigation measures must be certified by an original certificate issued by an authorized veterinary official of the Japanese government.

To view the entire notice, visit <http://a257.g.akamaitech.net/7/257/2422/01/jan20051800/edocket.access.gpo.gov/2005/pdf/05-24057.pdf>.

Minnesota changes TB status

The Minnesota Board of Animal Health (MBAH) announced mid-December 2005

that the USDA would change the state's bovine tuberculosis (TB) status to modified accredited advanced. The move places the state one level below TB-free status.

"The USDA will require all breeding cattle 18 months of age and older be tested for bovine TB within 60 days of shipment," said MBAH Executive Director and State Veterinarian Bill Hartmann in a release. "Cattle are exempt from the testing requirement if they are moving interstate directly to slaughter, a feedlot, or if the animals are from a TB-accredited herd."

Producers shipping animals across the Minnesota border should contact the state they are shipping to for import requirements.

For more information visit www.bah.state.mn.us.

Idaho to possibly lose brucellosis-free status

Idaho animal health officials have depopulated two eastern Idaho beef cattle herds due to brucellosis (Bang's disease) infections and, at press time, were awaiting final word from federal officials as to whether the state would lose its brucellosis-free status, *The Casper Star-Tribune* reported.

U.S. cattle on feed up 3%

Cattle and calves on feed for harvest in the United States for feedlots with capacities of 1,000 or more head totaled 11.7 million head Dec. 1, 2005. The inventory was 3% above Dec. 1, 2004, and 3% above Dec. 1, 2003, figures.

Placements in feedlots during November 2005 totaled 2.05 million, 17% above 2004 figures and 6% above 2003 figures. Net placements were 1.95 million head.

Marketings of fed cattle during November 2005 totaled 1.70 million, 4% above 2004 figures and 11% above 2003. Other disappearance totaled 91,000 during November, 16% below 2004 figures and 6% below 2003 figures.

Table 1: No. of cattle on feed, placements, marketings and other disappearance, 1,000+-head-capacity U.S. feedlots, Dec. 1, 2003-2005

	No. of head (1,000 head)			2005 as % of	
	2003	2004	2005	2003	2004
On feed Nov. 1 ^a	11,043	11,334	11,473*	104	101
Placed on feed during Nov.	1,926	1,743	2,045	106	117
Fed cattle marketed during Nov.	1,537	1,635	1,701	111	104
Other disappearance during Nov. ^b	97	108	91	94	84
On feed Dec. 1 ^a	11,335	11,334	11,726	103	103

*Revised.

^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.

► BEEF BUSINESS

Animals from the second herd were traced to the herd that first tested positive for brucellosis, the article noted.

The Idaho State Department of Agriculture reported that the state, which has been brucellosis-free since 1991, would likely lose its brucellosis-free status. State officials were anticipating a brucellosis "Class A" designation by the USDA to likely occur in early January.

Animals in the Swan Valley herd, those identified through the traceout and those identified at a feedlot have all been depopulated.

FSIS confirms decrease in *E. coli*

Food Safety Inspection Service (FSIS) officials reaffirmed previously published numbers showing a dramatic, sustained decrease in the rate of *E. coli* O157:H7 positive test results on raw ground beef, AMI reported.

FSIS confirmed its previous estimate of a 54% reduction in the rate of *E. coli* positives for raw ground beef samples from fiscal year (FY) 2003 to FY 2005. Further analysis of the numbers proves the agency is accurate, the article continued.

In a letter to the editor of the December *Journal of Food Protection*, FSIS said it believes the decreased rate of positives likely resulted from policy changes and industry actions, instead of annual variation in rates.

Researchers say WTO plan good for producers

The Food and Agricultural Policy Research Institute (FAPRI) has analyzed the U.S. proposal for the Doha Round of World Trade Organization (WTO) talks and produced a report on how it might affect U.S. farmers if it becomes the blueprint for the agriculture portion of the talks, *AgWeb.com* reported.

"What the United States wants is more market access and less subsidized competition," FAPRI analyst Pat Westhoff said. "What other countries ask is that the U.S. sharply reduce domestic price and income supports to our farmers."

Returns to U.S. beef producers are virtually unchanged with reduced domestic supports; however, with increased exports, beef producers gain \$31 per head on market-weight steers, the article said.

"Livestock producers clearly gain the most under the trade scenarios," FAPRI analyst Scott Brown said. "Higher livestock income translates into increased production — and in the end, increased domestic demand for crops that are fed to livestock."

Cattlemen challenge EU

The National Cattlemen's Beef Association (NCBA) is urging negotiators from WTO member countries to support the U.S. Proposal for Global Agricultural Trade Reform, the organization reports.

NCBA's focus has been on trade barriers in the European Union (EU), says NCBA Chief Economist Gregg Doud.

At press time, the EU's bound tariff on beef imports was at 57%. Unlike free trade agreement negotiations, where tariff rates would be reduced to zero over time, these multilateral negotiations focus on reducing WTO-bound tariffs, which are the

maximum tariff rates that WTO members may impose on imports. The average global tariff on exported beef and beef products is at 85%. The United States' October 2005 proposal would potentially reduce bound tariffs to around 7.5% to 12.5%.

For more information on the U.S. Proposal for WTO Agriculture Negotiations, visit www.ustr.gov.

USMEF projects 2006 beef exports to Japan

U.S. Meat Export Federation (USMEF) President Philip Seng said late December he

CONTINUED ON PAGE 234

► BEEF BUSINESS

CONTINUED FROM PAGE 233

expects the United States will export 100,000 metric tons of beef to Japan in 2006.

According to a USMEF release, Seng estimates the U.S. will reach pre-ban levels of more than 300,000 metric tons within three years. Of course, regaining market share will depend on the ability to rebuild Japanese consumer confidence, he noted.

"We are committed to assuring Japanese consumers that U.S. beef is safe and they can enjoy it without hesitation," Seng stated in the release. "We will rebuild consumer confidence using consumer education and by working closely with the Japanese trade."

The organization reports that Japanese industries, such as foodservice and restaurant chains, have lost more than \$7 billion, while U.S. losses total more than \$5 billion.

USDA funds research on helping small farms

USDA has awarded \$5 million in grants to researchers who will seek new ways to help small farmers remain profitable.

Fifteen colleges and universities in 13 states will receive grants of \$500,000 to better understand what makes small- and mid-sized farms and rural communities prosper.

The Agricultural Prosperity for Small and Medium-Sized Farms program is part of USDA's Cooperative State Research, Education and Extension Service (CSREES) National Research Initiative (NRI) competitive grants program. Projects are eligible for up to \$500,000 for two to four years of support.

For more information visit www.csrees.usda.gov.

USDA to fund schools, roads

Secretary Johanns has announced that more than \$380 million will be distributed to 41 states and Puerto Rico for improvements to public schools and roads.

"This funding helps to strengthen the communities that surround national forest lands and provides the resources to enhance environmental stewardship within those communities," Johanns said.

According to USDA, since 1908, 25% of Forest Service (FS) revenues — such as those from timber sales, mineral resources and grazing fees — have been returned to states in which national forest lands are located.

Because receipts from timber sales fluctuated over time, the Secure Rural Schools and Community Self-Determination Act of 2000 was developed to stabilize payments to counties. These funds continue to provide funding for schools and roads as well as to create employment opportunities

to maintain current infrastructure and implement stewardship objectives that enhance forest ecosystems and restore and improve land health and water quality.

Oregon received the largest payment, which was more than \$146 million; California received \$64.6 million; and Washington received \$41.8 million.

The FY 2005 payments are listed at www.fs.fed.us. However, the payments do not reflect national grassland revenues, which are calculated on a calendar year basis and will be paid to counties in March 2006.

Merial, BI receive QSA status

Merial and Boehringer Ingelheim Vetmedica, Inc., have announced that the Merial® Surehealth™ Calf Preconditioning Program recently received USDA Quality System Assessment (QSA) approval for source and age verification.

Washington Watch



House approves ag budget

The U.S. House of Representatives Dec. 19, 2005, approved a measure that would trim the USDA budget by \$2.7 billion during the next five years. The legislation, if finalized, would cut conservation, research and rural development programs.

According to *The Des Moines Register*, Secretary Johanns praised the measure, aimed at reducing the deficit. Farm groups lobbied Congress to extend grain and cotton subsidy programs beyond their 2007 expiration date, the article noted; however, Johanns urged Congressional members to revise the programs in 2007.

Meanwhile, Senate Agriculture Committee Chairman Saxby Chambliss (R-Ga.) warned that it would make it more difficult to guarantee funding for farm programs without the extension.

Industry Events



2006 World Ag Expo

Feb. 14-16, Tulare, Calif.

International trade and export seminars are scheduled during the expo, which will take place at the International Agri-Center in Tulare. The seminars are free with paid World Ag Expo admission.

Seminar topics will cover business, the Farm Bill, trade with China, emerging markets and related issues.

General admission is \$7, with a three-day pass available for \$18. For more information

CONTINUED ON PAGE 236

and a full schedule of events, visit www.farmshow.org or call 1-800-999-9186.

**NAEC seminar
Feb. 15, La Crosse, Wis.**

The National Agricultural Electric Code (NAEC) Seminar will take place at the Radisson Hotel La Crosse. The event precedes the 44th Rural Energy Conference scheduled for Feb. 16-17 at the same location.

The seminar, intended for farm builders, operators and ag advisors in addition to electricians, will focus on aspects of the 2005 National Electric Code that apply to agricultural buildings.

The seminar costs \$110, and the conference starts at \$195. Visit www.mrec.org for more details.

**USDA Agricultural
Outlook Forum**

Feb. 16-17, Arlington, Va.

USDA will host the forum, titled "Prospering in Rural America," at the Crystal Gateway Marriott Hotel in Arlington.

Secretary Johanns, USDA officials, industry analysts, business leaders, farmers

and other ag leaders are scheduled to speak. Topics will include rural development, economic outlook for commodities, conservation, globalization and U.S. trade, animal health, biotech development, and farm policy. Approximately 1,500 people are expected to attend the event.

Registration is \$285 and includes a choice of 30 sessions, CD-ROM of all 130 speeches, the *USDA Agricultural Baseline Projections by 2015*, two luncheons and a dinner event. For more information or to register, visit www.usda.gov/oce/forum or call 1-877-572-6043.

**Mid-South Stocker Conference
Feb. 16-17, Clarksville, Tenn.**

The conference, themed "Taking It to the Next Level," will take place at the Holiday Inn in Clarksville. Kentucky and Tennessee Cooperative Extension Services and allied industries in the Mid-South region are planning the event, which is designed to help stocker feeders explore new ideas for feeding and producing healthy cattle. A tour of stocker operations in the area will kick off the conference, followed by presentations on the economics of feeding, electronic identification (ID), branded beef and the industry's future. A trade show will also take place.

Contact Jim Neel at (865) 974-7294 or jneel@utk.edu for more information.

**School for Successful Ranching
March 25-26, San Antonio, Texas**

The Texas and Southwestern Cattle Raisers Association (TSCRA) will host the 12th annual school in conjunction with the TSCRA 129th annual convention.

A day-long cattlemen's workshop will kick off the event Saturday, with a variety of live cattle demonstrations. Twelve classroom sessions will also be offered, three in each of four tracks, including marketing, feeder cattle issues, range management and general. Participants may attend three different classes in each track, or they may choose three courses from any of the tracks.

A \$100 registration fee (\$60 for TSCRA members) should be submitted by March 15. Registration includes a hot lunch on Saturday and free admission to the trade show. For more information or to register online, visit www.texascattleraisers.org. Contact Mark Perrier at 1-800-242-7820, Ext. 118, for further information.

**NIAA Annual Meeting
April 3-6, Louisville, Ky.**

The 2006 Annual Meeting of the National Institute for Animal Agriculture (NIAA) will take place at the Galt House Hotel and Suites in Louisville.

The event will bring together producers, veterinarians, business executives, scientists, academicians, government officials and other stakeholders to discuss the latest issues in animal agriculture.

Twelve seminars addressing animal agriculture are scheduled. For more information, including registration, hotel and sponsorship details, visit www.animalagriculture.org or call (270) 782-9798.

**World Meat Congress
April 26-29, Brisbane, Australia**

The biennial meat industry conference will focus on the global trends, innovations and issues affecting the world's meat industries. Key themes will focus on the consumer, the community and supply and trade policy.

The 2006 World Meat Congress is conducted by the International Meat Secretariat and will be hosted by Meat & Livestock Australia, the Australian Meat Industry Council and Australian Pork Limited.

For more information visit www.2006worldmeatcongress.com.au.

