



Beef Business

► A look at current events affecting the cattle industry

Vietnam to accept U.S. beef

A bilateral market-access agreement signed in late May between the United States and Vietnam will boost export opportunities for U.S. cattle producers. NCBA members have strongly supported the agreement that was required as part of Vietnam's bid to join the World Trade Organization (WTO).

According to the negotiated terms, Vietnam was to immediately begin accepting all U.S. beef and beef products from animals less than 30 months of age. Upon Vietnam's entry into the WTO, tariffs on U.S. beef offal will be reduced from the most favored nation (MFN) rate of 20% to 15% immediately and staged down to 8% over four years.

Boneless beef was also to enjoy a significant tariff cut from 20% to 14% over five years. Bone-in U.S. beef will face a 20% applied tariff rate.

"Unlike free-trade agreement (FTA) negotiations, bilateral WTO accession negotiations rarely eliminate tariff rates," said

NCBA Chief Economist Gregg Doud. "However, this agreement will eliminate a key minimum price barrier to entry into the Vietnamese market and will become the platform from which future trade negotiations with Vietnam will advance. Therefore, the terms negotiated in this agreement are a major accomplishment."

USDA awards \$3.7 million to assist farmers with disabilities

USDA is awarding \$3.7 million in grants to 21 states to assist farmers with disabilities through the AgrAbility program. AgrAbility helps thousands of disabled individuals overcome barriers to continuing their chosen professions in agriculture.

The USDA Cooperative State Research, Education and Extension Service (CREES) administers the funds to land-grant universities that have joined with nonprofit disability organizations to address the specialized needs of AgrAbility's customers.

For more information visit www.agrabilityproject.org.

Senators call for end to Japan and Korean beef embargoes

Thirty-one U.S. Senators sent a letter in late May to the Prime Minister of Japan and the Ambassador of Korea urging them to resume trade in U.S. beef. The letter urged Japan to resume trade prior to Prime Minister Junichiro Koizumi's visit in June. The senators signed a similar letter requesting the Republic of Korea reopen its market prior to negotiations on a free-trade agreement with the United States.

The letter to the Prime Minister outlined that "despite overwhelming scientific evidence supporting the safety of American beef and an agreement between the United States and the Government of Japan, the embargo on beef from the United States still exists."

Similarly, the letter to the Ambassador of Korea provided "many American cattle and beef groups have emphasized the importance of regaining full access to the Korean market as part of any free-trade agreement. We believe that it would be essentially impossible to garner the necessary support for a free-trade agreement with Korea if it does not include access for all beef and beef products, including bone-in and offals."

Prior to the embargoes, Japan and Korea were the No. 1 and No. 3 international markets for American beef and beef products, respectively. With the exception of temporary trade with Japan earlier this year, these markets have been closed for more than 29 months.

The letters can be viewed at www.meatami.com/storylinks/2006/JapanKorea052606.pdf. As of this writing, neither country had resumed full trade of U.S. beef.

Coalition considers enhancements to beef checkoff

A broad coalition of beef industry leaders met in Kansas City, Mo., May 22-23 to address opportunities to enhance the beef checkoff and what potential changes to its operating procedures might strengthen the program in the future.

The 17-member Industry-Wide Beef Checkoff Task Force established its mission as follows: "To review, study and recommend

U.S. cattle on feed up 9%

Cattle and calves on feed for harvest in the United States for feedlots with capacities of 1,000 or more head totaled 11.6 million head May 1. The inventory was 9% above the same time last year and 11% above May 1, 2004, figures. This is the highest May inventory since the series began in 1996.

Placements in feedlots during April totaled 1.63 million, 2% less than 2005 figures but 2% more than 2004 figures. Net placements were 1.54 million head.

Marketings of fed cattle during April totaled 1.79 million, down slightly from 2005 and 5% less than 2004 figures. This is the lowest fed-cattle marketings for April since the series began in 1996. Other disappearance totaled 87,000 head during April, 4% less than 2005 figures and 10% less than 2004 figures.

Table 1: No. of cattle on feed, placements, marketings and other disappearance, 1,000+-head-capacity U.S. feedlots, May 1, 2004-2006

	No. of head (1,000 head)			2006 as % of	
	2004	2005	2006	2004	2005
On feed April 1 ^a	10,763	10,873	11,812	110	109
Placed on feed during April	1,600	1,660	1,629	102	98
Fed cattle marketed during April	1,891	1,801	1,794	95	100
Other disappearance during April ^b	97	91	87	90	96
On feed May 1 ^a	10,375	10,641	11,560	111	109

^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.

enhancements to the Beef Act and Order for the purpose of strengthening the checkoff for the common good of the beef industry.” In its first meeting, members identified key issues facing the checkoff and analyzed both the strengths and the weaknesses of the current system.

Task Force members unanimously agreed the current checkoff has succeeded in helping build beef demand and move product. The Task Force will embark on an information-gathering process before meeting again at the end of July.

National organizations represented on the Task Force are American Farm Bureau Federation, American Veal Association, American Meat Institute, Livestock Marketing Association, Meat Importers Council of America, NCBA Livestock Marketing Council, National Livestock Producers Association, National Meat Association, National Milk Producers Federation, National Farmers Union and Ranchers-Cattlemen Action Legal Fund United Stockgrowers of America (R-CALF USA). The six state representatives on the Task Force are from California, Kansas, Kentucky, Montana, Tennessee and Texas. The facilitator for the Task Force is John Huston, Chicago, Ill.

The independent group was created at the request of the Federation of State Beef Councils, various beef organizations and the National Cattlemen's Beef Association (NCBA). It will conduct its efforts through October.

Deadline extended for EQIP practices delayed by high energy costs

Secretary Johanns announced in early June that the deadline for completing environmental projects to qualify for the Environmental Quality Incentives program (EQIP) energy cost assistance will be extended to Sept. 1. The previous deadline was June 30 to receive these incentive payments.

The one-time payment adjustment applies only to participants who signed EQIP contracts in 2004 or earlier and will be paid only for practices that are completed between March 1 and Sept. 1 of the current year. A 15% payment increase will focus on a select list of specific practices that have escalated in price more than 20% because of rising energy costs.

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

R-CALF to appeal Canadian border decision

After first indicating it would accept the decision by a federal judge denying its suit against the U.S. Department of Agriculture

(USDA) over the rule that reopened the Canadian border to the import of live cattle under 30 months of age, Ranchers-Cattlemen Action Legal Fund United Stockgrowers of America (R-CALF USA) has decided to lodge an appeal with the 9th Circuit Court of Appeals, Steve Hisey reported on meatingplace.com.

The cattle rancher group contends that it has never received a hearing on the facts of the case, and that it deserves such a full hearing. Decisions by the 9th Circuit and District Judge Richard Cebull have focused only on their finding that USDA should be shown deference in its scientific decisions, the article continued.

R-CALF contends that the rule was more political than scientific, and that the decision entails a threat to the health of the U.S. cattle herd.

“We’re hoping the 9th Circuit will remand the case back down to Judge Cebull so he can make a decision on the merits of the case,” said Chuck Kiker, R-CALF president.

The appeal was filed with Cebull’s U.S. District Court, District of Montana. R-CALF lawyers say it will take at least a few months to find out if the 9th Circuit will hear the appeal, the meatingplace.com article said.

CO packaged meat is useful, safe

“The claim that CO (carbon monoxide) packaging will result in unsafe products is not scientifically sound,” notes a joint guest expert editorial in the May edition of *Food Technology*. According to an article published on meatami.com, the editorial authors note that recent media reports generated by private interests have raised concerns about the use of CO as a component in Modified Atmosphere Packaging (MAP) and have attempted to garner public and legislative efforts to ban the innovative technology.

“CO is useful for fresh-meat packaging because the gas binds with the muscle pigment myoglobin to produce a bright red color” that is sought after by consumers, note authors Joe Sebranek of Iowa State University, Mel Hunt of Kansas State University, Daren Cornforth of Utah State University and Susan Brewer of the University of Illinois, the meatami.com article continued.

They explain that the ability of CO to promote longer lasting red color in meat has also been a chief basis for its criticism. The authors also address claims that the technology will result in the unsafe products being sold and consumed. They explain that there is no greater risk associated with bacteria growth using CO

technology than with any other packaging system.

“In fact, a valid argument can be made that CO packaging creates opportunities to increase safety. It is important to realize that the presence or absence of bacteria of public health significance on meat is independent of meat color,” they add. They conclude that since the safety of low-CO packaging has been established, it would be appropriate to “let the marketplace decide the success or failure of the process.”

To see the full article from *Food Technology* go to www.meatami.com/StoryLinks/2006/FoodTechnologyMAPArticle060206.pdf.

Industry Events

Cattle Industry Summer Conference

July 10-13, Reno, Nevada

The summer conference will feature meetings of the NCBA, Cattlemen's Beef Promotion & Research Board (CBB), American National CattleWomen (ANCW), Cattle-Fax and National Cattlemen's Foundation.

Cattle industry members will meet in regional caucus meetings, and in policy committees, subcommittees and joint committees to discuss current developments, work on initiatives developed at the annual convention earlier this year and make plans for the upcoming fiscal year. Issues forums will be open to all registered attendees. A CBB meeting and NCBA Board of Directors meeting will also be held.

The NCBA and ANCW will host the second annual Student Day of Education: Knowledge and Practical Advice for a Successful Career as part of the conference on Monday. The event is designed for high school seniors and college students that have an interest in working in agriculture.

For more information visit www.beefusa.org/convsummerconference.aspx.

Soil and Water Conservation Society Annual Conference

July 22-26, Keystone, Colo.

The Soil and Water Conservation Society will host its annual conference at the Keystone Resort in Keystone, Colo. The conference will focus on a variety of conservation topics, with emphasis on water use and management, the science of targeting, and the 2007 Farm Bill.

For a list of presenters and the conference program or to register online, visit www.swcs.org/en/swcs_international_conferences/2006_international_conference/.

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International Conference on The Future of Agriculture

Aug. 6-9, Sacramento, Calif.

The International Conference on The Future of Agriculture: Science, Stewardship and Sustainability will be at the Hyatt Regency in downtown Sacramento. Conference participants will come together in technical sessions, panel presentations and interactive group discussions to develop strategies for addressing pressing environmental issues in agriculture through the integration of science, technology and policy.

The conference is presented by the California Environmental Protection Agency (EPA), the U.S. EPA Hazardous Substance

Technical Liaisons Program, the National Institute of Environmental Health Sciences, and the Midwest Hazardous Substance Research Center at Kansas State University. For complete information call (785) 532-2562.

Farm Progress Show **Aug. 29-31, Amana, Iowa**

The 53rd annual Farm Progress Show will be at the Amana Colonies facility near Amana, Iowa. The show will display agriculture's innovations, information and technology. The Farm Progress Show is the nation's leading outdoor farm show and showcases the most extensive, state-of-the-art agricultural equipment, products and services.

The show is open 8 a.m. to 5 p.m. on Tuesday and Wednesday and from 8 a.m. to 4

p.m. on Thursday. Admission is \$7 for adults, \$3 for ages 13-17 and free for ages 12 and younger. Parking is also free. For more information visit www.farmprogresshow.com.

Washington Watch

Senate refuses to debate death tax repeal

In a June 8 procedural vote on the "Death Tax Repeal Permanency Act of 2005" (H.R. 8) the Senate refused to debate repeal of the estate, inheritance and gift tax.

On June 6, Senate Majority Leader Bill Frist (R-Tenn.) filed cloture on a motion to proceed to a vote on H.R. 8. The legislation to repeal the death tax had passed in the House by a roll call vote of 272-162 April 13, 2005.

"Today will go down in history as the day

41 senators slammed the door in the faces of America's next generation of farmers and ranchers," NCBA President and Missouri cattle producer Mike John said in a statement. "Despite the House of Representatives passing bi-partisan repeal bills time and time again that would effectively terminate this devastating tax, the Senate has decided the issue doesn't even warrant debate."

"These 41 senators basically voted to keep a cap on prosperity in the cattle business by reaffirming the current law, which reverts back to a \$1 million exemption at a 55% rate in 2011," John said. "At these levels, almost every rural operation in America will be directly hit. After decades of fighting, we will once again be back to square one."



Great Western Beef Expo completes year 37

The 37th Annual Great Western Beef Expo concluded May 26 with approximately 35 people attending the awards program in Sterling, Colo. This year's guest speaker was Ced Woodard, regional sales manager for Intervet Inc. Woodard spoke on "Using Nutrition, Animal Health and Genetics to Maximize the Value of Your Animals."

As a group, the 210 cattle ended the 156-day test with an average daily gain (ADG) of 3.93 pounds (lb.), a feed conversion ratio (FCR) of 5.27:1 and a \$0.39 cost of feed per 1 lb. of gain.

Champion honors in average daily carcass gain (ADCG) went to Guenzi Cattle LLC, Sterling, Colo. This set of Angus-sired steers out of GAR Predestined posted an ADCG of 3.34 lb. Reserve champion went to Aristocrat Angus Ranch, Platteville, Colo., with a set of Angus steers sired by AAR ET Equator L220. This set of steers posted an ADCG of 3.23 lb.

The feedout program is supported by the Great Western Beef Expo; Premier Farm Credit; Intervet Inc.; Cargill Meat Solutions, Fort Morgan, Colo.; and Colorado State University. The results can be viewed on the Expo's Web page, www.greatwesternbeefexpo.org. For a hard copy of the results, contact David Colburn at (970) 522-3200, Ext. 283, e-mail dave@greatwesternbeefexpo.org or write the Great Western Beef Expo, 508 S. 10th Ave. Ste. #1, Sterling, CO 80751.