



Beef Business

► A look at current events affecting the cattle industry

South Korea opens border to U.S. beef

South Korea announced Sept. 7 that it will resume importation of U.S. boneless beef from cattle less than 30 months of age.

Although an agreement for trade resumption was signed in January, the U.S. and South Korea have been conducting several months of cooperative trade talks that also resulted in two visits by Korean audit teams to confirm the efficacy of the U.S. inspection system.

“Korea is an important beef market for us,” Secretary of Agriculture Mike Johanns stated. “Trade resumption in boneless beef is the first step in normalizing trade of beef and beef products with Korea. We look forward to expanding our access to the Korean market and other export markets to achieve trade that is consistent with international guidelines.”

Johanns said while significant technical issues must be resolved, the U.S. Department of Agriculture (USDA) will continue to work with Korea to address such matters.

National Cattlemen’s Beef Association (NCBA) Chief Economist Gregg Doud said while cattle producers applaud the long-awaited re-opening of the market to U.S. beef, they will not rest until South Korean consumers have access to all the same cuts they enjoyed prior to December 2003.

In 2003, the United States exported more than \$814 million worth of beef to Korea, with boneless beef accounting for \$449 million.

Canada detects eighth BSE case

The Canadian Food Inspection Agency (CFIA) announced Aug. 23 it had confirmed a new case of bovine spongiform encephalopathy (BSE) in a mature beef cow from Alberta.

According to CFIA, the approximately 8- to 10-year-old animal was likely exposed to the BSE agent either before the country’s feed ban introduction or during its early implementation. No part of the animal’s carcass entered the human food or animal feed systems.

At press time, the CFIA was conducting an investigation to locate the infected animal’s farm of origin and to identify herd mates of interest.

U.S. beef scarce in Japan

Japanese consumers remain wary of U.S. beef, despite the end of a U.S. beef ban, *The Associated Press* (AP) reported.

According to AP, U.S. beef was available in only five Costco stores in Japan following the opening of the border. In fact, only 17.6 tons of U.S. beef arrived in Japan during the first 10 days after the ban was lifted, *Meatingplace.com* reported. Instead of U.S. product, most retail store shelves were lined with beef from Australia and Japan.

Fortunately, a cooperative buying organization for Japanese supermarkets indicated in early September that five member companies planned to resume sales of U.S. beef. Citing an article appearing in the *Nihon Keizai Shimbun*, *Meatingplace.com* reported the five retailers indicated they are responding to requests from customers.

Bovine genome data released

Bovine Genome Sequencing Project researchers announced Aug. 14 they have released the most complete and accurate genome sequence to date into the free public database. Comprising almost one-third more data than earlier versions, the release of data also includes an upgraded genetic map and a new set of two million DNA base differences for use as DNA sequence polymorphisms.

According to Baylor College of Medicine (BCM), where bovine genome sequencing was conducted, the new sequence contains 2.9 billion DNA base pairs, similar to human and other mammalian genomes.

The Hereford breed was selected for the bulk of the sequencing project, but DNA sequencing was also conducted on Angus, Holstein, Jersey, Limousin, Norwegian Red and Brahm animals to detect genetic differences between breeds. According to BCM, discovery of DNA differences among breeds will lead to trait selection for better meat and milk production.

Sequencing of the bovine genome, which began in December 2003, will now enter the

U.S. cattle on feed up 7%

Cattle and calves on feed for harvest in the United States for feedlots with capacities of 1,000 or more head totaled 10.8 million head Aug. 1. The inventory was 7% above the same time last year and 10% above Aug. 1, 2004, figures. This is the second-highest Aug. 1 inventory since the series began in 1996.

Placements in feedlots during July totaled 1.96 million, 17% more than 2005 figures and 14% above 2004. Net placements were 1.91 million head.

Marketings of fed cattle during July totaled 1.96 million, 2% above 2005 and 2% above 2004 figures. Other disappearance totaled 58,000 head during July, 5% below 2005 figures, but unchanged from 2004.

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

	No. of head (1,000 head)			2006 as % of	
	2004	2005	2006	2004	2005
On feed July 1 ^a	10,132	10,394	10,872	107	105
Placed on feed during July	1,719	1,678	1,963	114	117
Fed cattle marketed during July	1,925	1,918	1,955	102	102
Other disappearance during July ^b	58	61	58	100	95
On feed Aug. 1 ^a	9,868	10,093	10,822	110	107

^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.

final analysis phase. The following public databases contain sequence data.

- ▶ Baylor College of Medicine Human Genome Sequencing Center, www.hgsc.bcm.tmc.edu
- ▶ GenBank, www.ncbi.nih.gov/Genbank
- ▶ EMBL Bank, www.ebi.ac.uk/embl/index.html
- ▶ DNA Data Bank of Japan, www.ddbj.nig.ac.jp

USAIO signs RFID manufacturers

The U.S. Animal Identification Organization Inc. (USAIO) board of directors announced it has completed agreements with three manufacturers of ISO radio frequency identification (RFID) devices in the United States: Allflex USA of Dallas, Texas; Destron Fearing (Digital Angel) of Minneapolis, Minn.; and Y-Tex Corp. of Cody, Wyo. The three manufacturers have agreed to manufacture ISO RFID ear tags bearing the USAIO logo.

According to the USAIO, the agreements advance the organization's objective of funding a national animal movement database in a manner that will minimize cost to industry participants. Under this funding plan, producers' share of the system costs will be rolled into the purchase price of the ear tag. The tag creates a lifetime record on the animal, with the ability to add information to this record at no additional cost, according to the organization.

"USAIO is committed to funding the system in such a way as to spread the cost across all segments of the industry," Charles Miller, USAIO board chairman, says. "We continue to work on funding mechanisms that will draw support for the animal movement database from every sector that will benefit from it."

USAIO is a nonprofit, 501(c)(3) corporation that exists to provide the private national repository for animal movement data. According to the organization, its goal is to deliver a national system that meets the needs of animal health officials for disease surveillance, addresses producer concerns of confidentiality and cost, and is responsive to changing animal identification (ID) demands.

USAIO expects to announce additional strategic partnerships that will support the USAIO database, which has completed beta testing and is being ramped up in the first of three implementation phases.

Avian influenza tested in three states

Michigan, Pennsylvania and Maryland have completed avian influenza testing on a sample of suspected bird populations in each respective state. According to the

USDA, samples were taken from the suspicious birds as part of an expanded wild-bird-monitoring program.

Testing was conducted on two mute swans in Michigan, resident wild ducks in Maryland, and wild mallard ducks in Pennsylvania.

The initial samples in each state returned results indicating the presence of H5 and N1 avian influenza subtypes, USDA officials announced. Further confirmatory testing conducted at USDA's National Veterinary Services Laboratories (NVSL) in Ames, Iowa, detected the presence of a low-pathogenic subtype H5N1 avian influenza virus. The low-pathogenic strain has been detected several times in wild birds in North America and, according to the agency, poses no threat to human health. Previous tests ruled out the possibility of the highly pathogenic H5N1 strain that has affected Asia, Europe and Africa.

USDA and the Department of the Interior (DOI) are working to sample wild birds throughout the U.S. for the presence of highly pathogenic avian influenza (HPAI). As a result of this expanded testing program, USDA and DOI expect to identify additional cases of common strains of avian influenza in birds, which is not cause for concern.

For more information about the collaborative avian influenza efforts, go to www.usda.gov/birdflu, www.doi.gov/issues/avianflu or the U.S. Government's Web site for avian influenza and human pandemic preparedness at www.avianflu.gov.

Summer drought conditions widespread, NOAA says

The National Oceanic and Atmospheric Administration's (NOAA's) National Climatic Data Center (NCDC) released data in mid-August showing a dismal climatic overview for the month of July.

According to NCDC, July temperatures were above normal for the contiguous United States. Nationally, it was the second warmest July in the 112-year government record. Coupled with below-normal national precipitation, July 2006 ranked as the 26th driest July on record from 1895-2006.

Significant drought continued in the Southern Plains and the Desert Southwest, with exceptional drought persisting in parts of southern and northern Texas, southern Arizona, and central South Dakota, NCDC data show.

According to preliminary data based on the Palmer Drought Index, as of the end of July, severe to extreme drought affected about 28% of the contiguous U.S., and 51% fell in the moderate to extreme drought categories.

Drought and high temperatures also affected many sectors of the economy. Crops were highly stressed or dying, livestock were dying or prematurely sold due to a lack of feed and water, water restrictions were common in many areas, and wildlife in search of food and water were reported in urban areas. The governors of several states declared disaster conditions, and dry conditions led to dozens of fires in the western half of the U.S.

For more drought-related information, visit www.ncdc.noaa.gov/oa/climate/research/2006/jul/us-drought.html#pafile, or visit Angus Productions Inc.'s (API's) topic site, www.angusjournal.com/drought.

For a map detailing short-term drought conditions based on the Palmer Drought Index, visit www.ncdc.noaa.gov/img/climate/research/2006/jul/zin200607_pg.gif.

VS confirmed in Wyoming

The NVSL confirmed in late August vesicular stomatitis (VS) in a 10-year-old horse on a premises in Natrona County, Wyo., near Casper, Wyo. According to the Texas Animal Health Commission (TAHC), this is the first confirmed case of VS in the United States in 2006; the last case of VS was confirmed in late 2005.

The affected horse was initially examined as part of a routine physical exam by a private veterinary practitioner Aug. 12. The next day, the owner of the horse noticed that the horse had a swollen muzzle. During a re-examination by the veterinarian, the practitioner noticed oral lesions consistent with VS and immediately contacted Animal and Plant Health Inspection Service (APHIS) Veterinary Services in Wyoming. A foreign animal disease investigation was initiated, and appropriate samples were collected and submitted to NVSL.

At press time, the affected premises was under quarantine.

VS is a viral disease that primarily affects horses, cattle and swine. In affected livestock, VS causes blister-like lesions to form in the mouth and on the dental pad, tongue, lips, nostrils, hooves and teats. These blisters swell and break, leaving raw tissue that is so painful that infected animals generally refuse to eat and drink, and show signs of lameness.

APHIS Veterinary Services and the Wyoming Department of Agriculture will continue to monitor the situation and conduct response activities in an effort to minimize trade restrictions.

SD loans offset drought

Qualified farmers and ranchers in central and western South Dakota are now eligible

CONTINUED ON PAGE 272

to receive low-interest loans to combat the effects of drought, the *Rapid City Journal* reported.

Although eligibility requirements are somewhat restrictive — producers must be unable to receive credit from commercial sources — a representative from the South Dakota Stockgrowers Association (SDSA) said any help is welcome.

The USDA designated 23 counties in South Dakota as natural disaster areas due to drought conditions. Those in contiguous counties in Nebraska, Wyoming and North Dakota are also eligible for aid.

\$50M allocated to drought-stricken producers

Secretary Johanns announced in late August that \$780 million in assistance will be available to help farmers and ranchers manage drought- and weather-related production challenges. USDA funding includes a new \$50 million program for livestock producers affected by drought, focusing nearly \$30 million in unused conservation funds on drought, and accelerating the delivery of an estimated \$700 million in counter-cyclical payments.

The new \$50-million program for livestock producers, called the Livestock Assistance Grant Program, will provide \$50 million in Section 32 to states in block grant form, according to a USDA release. States will distribute assistance to livestock producers in counties that were designated as D3 or D4 on the Drought Monitor anytime between March 7 and Aug. 31, 2006. A list of eligibility criteria and eligible counties can be found at www.usda.gov by clicking on the drought spotlight.

Information regarding eligibility for unused conservation funds, accelerated counter-cyclical payments and emergency loans is also posted online at www.usda.gov.

Survey reveals animal ID issues

According to a survey conducted during the National Institute for Animal Agriculture (NIAA) conference, more than 80% of conference participants considered NAIS implementation “behind expectations.” Furthermore, 78% of the more than 100 respondents said NAIS should be a mandatory program.

More than 20% of conference participants — including academia, federal and state officials, and animal health and industry experts — responded to the survey, which was administered by NIAA and Tri-Merit™ and provided by Schering-Plough

Animal Health and Global Animal Management Inc.

Respondents named cost and confidentiality as two of the biggest hurdles to implementing the ID system. Secretary Johanns, the meeting’s keynote speaker, said both of these issues are being addressed by allowing private data management companies to serve as suppliers for the program, Schering-Plough reported.

Screening aims at removing PI-positive pairs

The Montana BVD-PI Herd Screening Project, a program designed to improve the overall health of the state’s cow herd and add value to its calf crop, was under way as of Sept. 1. The focus is to investigate the role of screening cattle herds for animals persistently infected (PI) with the bovine viral diarrhea (BVD) virus.

The first phase of the project concluded with testing of the ear notches from more than 30,000 cattle from 55 Montana ranches, according to a release. Among the PI-positive animals found through the project is what’s being dubbed as the “PI-Pair Project” — an effort to locate calves and their mothers that are BVD PI-positive.

The Montana BVD-PI Herd Screening Project is a collaborative effort by the Montana State University Beef Quality Assurance (BQA) program and the Montana Stockgrowers Association. Animal Profiling International is conducting the tests for the Montana project in its Portland, Ore., laboratory.

Grass-fed plan meets criticism

Critics are voicing their concern regarding the USDA’s proposal for grass-fed beef standards, according to an AP article appearing in the *Los Angeles Times*.

With a variety of grass-fed beef products laying claims in the marketplace, USDA is attempting to set standards defining “grass-fed” beef. According to the article, the agency has proposed that in order to be considered grass-fed, 99% of a cow’s diet must come from grass forage; however, under USDA guidelines, that would include such broadly defined items as cornstalks, silage and other feedstuffs.

William Sessions, associate deputy administrator of USDA’s livestock and seed program, was referenced in the article as saying the USDA is reluctant to regulate a cow’s time spent grazing due to the risk of severe weather conditions that greatly affect pasture availability.

This isn’t the first time the proposed rule has drawn criticism. According to AP, USDA has tried to create such a rule before, proposing standards in 2002 and again this year. Prior to the August comment deadline, the department had received more than 17,000 responses to the proposal.

2005 market standings, 2006 forecasts released

Uncertainty continues to shape the forecasts for animal products markets in 2006, according to USDA’s Economic Research Service (ERS).

ERS released its report Sept. 8 showing that potential and actual animal disease outbreaks, consumer sensitivities, volatile exchange rates and growing competition from producers in other countries cloud U.S. trade prospects for major meats. Loss of U.S. trade market share, partly caused by disease outbreaks and related trade restrictions that have affected animal product exports since 2003, compounds the problem.

According to ERS, the outlook for U.S. meat, poultry and dairy markets in 2006 depends on how well domestic production adjusts to changes in input costs, the effect of exchange rates on trade, the continuing effects of disease and trade restrictions on exports, and the increasing competitiveness of emerging animal products exporters.

To view the entire report, visit www.ers.usda.gov/Publications/LDP/2006/08Aug/LDPM14601.

USDA invests \$17.5M in renewable energy

Secretary Johanns has announced more than \$17.5 million in Section 9006 Renewable Energy and Energy Efficiency Program Grants to 375 recipients in 36 states. Johanns said the grants will directly promote energy savings and increased energy production in rural America.

Recipients of the funding include agricultural producers or rural small businesses, U.S. citizens or legal residents that have demonstrated financial need. Grant funds can be used to pay up to 25% of the eligible project costs. Additionally, the program provides loan guarantees up to \$10 million to fund up to 50% of eligible projects.

Eligible projects include those that derive energy from a wind, solar, biomass or geothermal source, or hydrogen derived from biomass or water using wind, solar or geothermal energy sources.

CONTINUED ON PAGE 274

Further information on rural programs is available at www.rurdev.usda.gov.

Biotechnology report released

USDA has released a report, titled "Opportunities and Challenges in Agricultural Biotechnology: The Decade Ahead," about the future of biotechnology. The report describes the advances in agricultural biotechnology's first decade and discusses a range of topics related to agricultural biotechnology that may be addressed by the secretary during the next decade.

Further information about the report may be accessed through the Web site for USDA's Advisory Committee on Biotechnology and 21st Century Agriculture (AC21), available through the agency's biotechnology portal at www.usda.gov.

Ag workers down 11%, wage rates up 4%

There were more than 1.2 million hired workers on the nation's farms and ranches during the week of July 9-15, down 11% from a year ago, according to the National Agricultural Statistics Service (NASS). Of these hired workers, 875,000 workers were hired directly by farm operators. Agricultural service employees on farms and ranches made up the remaining 327,000 workers.

Farm operators paid their hired workers an average wage of \$9.74 per hour during the July 2006 reference week, up 36¢ from a year earlier. Field workers received an average of \$8.95 per hour, up 34¢ from last July, while livestock workers earned \$9.56 per hour compared with \$9.26 a year earlier.

The field and livestock worker combined wage rate, at \$9.10 per hour, was up 32¢ from last year. The number of hours worked averaged 40.9 hours for hired workers during the survey week, up 1% from a year ago.

For the full report visit www.nass.usda.gov.

Washington Watch

Legislation offers interest break

Missouri House Bill No. 1349, also known as the "Family Farms Act," was signed into law June 29 by Missouri Governor Matt Blunt as part of Senate Bill 1017. Effective Aug. 28, the Family Farms Act waives the interest payment for the first year on qualified loans for the purchase of breeding livestock by a Missouri-resident "small farmer," which it defines as one who has less than \$250,000 in gross sales per year. Each small-scale farmer/family is eligible for only one loan, for only one type of livestock.

The maximum amount of the loan for each type of livestock is \$75,000 for beef cattle; \$75,000 for dairy cattle; \$35,000 for swine; and \$30,000 for sheep and goats.

The loan shall be submitted for approval by an agricultural and small business development authority. That authority will be responsible for reviewing borrower eligibility considerations as well as the purchase price of livestock. The authority may impose a one-time loan review fee of

1%, which will be collected by the lender at the time of the loan and paid to the authority.

Nothing about the "Family Farms Act" precludes a small-scale farmer from participating in any other agricultural program.

For more information about the Family Farms Act, visit www.house.mo.gov/bills061/bills/HB1349.htm or call (573) 751-1344.

Bush announces intent to sign U.S.-Colombian FTA

President Bush notified Congress in late August of his intent to enter into the U.S.-Colombia Free Trade Agreement (FTA), the NCBA reported.

According to NCBA, the agreement could set a significant precedent for unfettered access for the full range of U.S. beef and beef products.

Prior to the U.S. discovery of BSE in 2003, trading levels for U.S. beef and beef variety meat exports to Colombia were just more than 3.17 million pounds (lb.), valued at nearly \$2 million.

NCBA notes that the U.S.-Colombia FTA will establish a tariff rate quota for beef and variety meats of 14.86 million lb. At the 2003 value, this agreement will grant immediate, duty-free access to just more than \$9.27 million worth of beef and beef variety meats, potentially boosting U.S. beef exports to Colombia from \$2 million to around \$9 million in the first year of the agreement.

CONTINUED ON PAGE 276

Industry Events**Beef field day****Oct. 7, MU South Farm**

The field day will feature a full day of beef research results and farm demonstrations at the University of Missouri (MU) South Farm, located south of the AC exit on Highway 63.

Speakers will discuss ethanol byproduct feeds; animal ID; beef sire evaluation; and the value of genetic, source and process verification. Demonstration topics will include artificial insemination (AI), nutrition, management and genetic technologies.

Registration begins at 8:30 a.m., and practical demonstrations begin at 9 a.m. A free lunch will be served at noon, and advance registration for the meal is required. Register by calling Judy Burton at (573) 882-7327.

**Renewable energy conference****Oct. 10-12, Saint Louis, Mo.**

USDA and the Department of Energy (DOE) will host the national renewable energy conference titled "Advancing Renewable Energy: An American Rural Renaissance." The conference is meant to help create partnerships and strategies necessary to accelerate commercialization of renewable energy industries and distribution systems. It will focus specifically on biomass, wind and solar research and commercialization.

Visit www.usda.gov or www.energy.gov for more information.

**TCFA convention****Oct. 11-13, Amarillo, Texas**

The Texas Cattle Feeders Association (TCFA) will host its 2006 annual convention at the Amarillo Civic Center. TCFA will meet jointly with the Texas and Southwestern Cattle Raisers Association (TSCRA) as it convenes its quarterly board and committee meetings. Members of the Texas CattleWomen will also meet at the center for their annual convention.

Educational sessions are planned, and an auction, golf tournament and social are scheduled. Visit www.tcfa.org, e-mail TCFA at info@tcfa.org or call (806) 358-3681 for more information or to register.

**USAHA, AAVLD annual meeting****Oct. 12-18, Minneapolis, Minn.**

The United States Animal Health

Association (USAHA) and the American Association of Veterinary Laboratory Diagnosticians (AAVLD) will host their 110th annual meeting at the Minneapolis Hilton.

Meeting topics will include global avian influenza surveillance, zoonotic disease surveillance for public health, integration of food surveillance systems, U.S. domestic animal disease surveillance and more. Implementation of the NAIS, development of the National Animal Health Laboratory Network (NAHLN), and the threat of bioterrorism to animal agriculture will also be areas of special interest at the weeklong meeting.

The USAHA meeting will be open to animal health officials, producers, veterinarians, researchers, lab officials, wildlife specialists, allied organizations and others. For more information, meeting agenda or registration, call (804) 285-3210 or visit www.usaha.org.

**NDSA All Breeds Cattle Tour****Oct. 13-14, Bismarck and Mandan, N.D.**

The North Dakota Stockman's Association (NDSA) will showcase seedstock operations in the Bismarck and Mandan areas during its annual All Breeds Cattle Tour.

The Seven Seas hotel in Mandan will serve as tour headquarters. To make reservations call (701) 663-7401.

For more information about the tour, call (701) 223-2522.

**HOLT CAT Symposium****Oct. 26-27, Kingsville, Texas**

The third HOLT CAT® Symposium on Excellence in Ranch Management will take place Oct. 26-27 at Texas A&M University-Kingsville Campus and the King Ranch Institute for Ranch Management.

The "Ranch Business Planning: A Balanced Approach" symposium will teach ranchers how to create a successful business plan that addresses a ranch's natural resources, livestock, wildlife, business and people. The "Balanced Scorecard" concept will be discussed. Industry experts will work with symposium participants in a small group, workshop environment. Topic-related tours of King Ranch will complete the workshop. Spanish translation will be provided.

Visit <http://krirm.tamuk.edu> or contact symposium planners at (361) 593-5401 or krirm@tamuk.edu for more information.

**Women in Agriculture Conference****Nov. 1-3, Louisville, Ky.**

The Kentucky Women in Agriculture will host its seventh conference, themed "Rooted in Tradition — Exploring the Future," at the Clarion Hotel and Conference Center in Louisville.

Two preconference workshops, focused on small-scale producer business planning and sustainable ag programs, will kick off the event. The conference will begin Nov. 2 with three sets of concurrent sessions throughout the day in tracks titled heritage, agritourism, farm safety and security, and telling your story. Roundtable discussions and meals are planned.

Registration for the conference is required, and registration is limited. Register by the Oct. 20 deadline, at www.kywomeninag.org.

**2006 BEEF Quality Summit****Nov. 14-15, Oklahoma City, Okla.**

BEEF magazine will present a two-day program aimed at instructing attendees on how to make the most of industry trends and maximize profit on calves.

Representatives from Wal-Mart and McDonald's will address consumer issues, and a panel of producers will discuss capturing the value from producing quality products.

Registration is \$195 per person, or \$170 for a second person, and includes the conference program, a tradeshow and meals.

Call 1-800-722-5334 or visit www.beefconference.com for full details or to register.

**Third National Conference on Grazing Lands****Dec. 10-13, Saint Louis, Mo.**

The Grazing Lands Conservation Initiative (GLCI) will host the conference, designed to provide a forum for exchange of information, an opportunity to identify grazing land research and program needs, and a chance to see new products and learn about new services.

Presentations will focus on building partnerships among agricultural, grazing and urban communities; successful management technologies for grazing practices; economic, marketing and public policy implications; and optimizing grazing land health for environmental and social benefits.

More information and registration information is available at www.glci.org.

