

# Setting the Tone

Early program sets the political, economic stage at Range Beef Cow Symposium XXIII.

by *Kasey Brown*, associate editor & *Kindra Gordon*, field editor

**B**arry Dunn, dean of the College of Agriculture and Biological Sciences of South Dakota State University (SDSU), welcomed more than 500 participants to the 23rd Range Beef Cow Symposium (RBCS) in Rapid City, S.D., Dec. 3-5, 2013.

Four universities — the University of Wyoming, South Dakota State University, Colorado State University and the University of Nebraska — put this event on every other year, spanning almost 50 years now. Dunn said he recalls wanting to come to this conference when he was young. Now he is thankful for the opportunity to be involved in hosting the event.

“This is a knowledge-based economy, and the opportunity to participate in these kinds of conferences are to your advantage. I want to congratulate you on taking advantage to put yourself ahead in this challenging business,” he told attendees.

The reputation of this conference is widespread, and its proceedings are cited often, he noted. The impact of this conference in use is immeasurable. Session topics this year included policy and trade affecting the beef industry, pregnant cow nutrition, reproductive efficiency, technology tools, estate planning, genomics, conservation and more.

Before turning the podium over to the morning’s speakers charged with setting the stage by laying out the political and economic climate in which cattlemen operate today,

Dunn commended the tremendous compassion shown to those who were affected by Winter Storm

Atlas. The blizzard, he said, has changed South Dakota forever. Livestock losses are estimated at \$500 million.

Dunn thanked all who had donated to the Rancher Relief Fund ([www.rancherrelief.org/](http://www.rancherrelief.org/)). About \$2 million has been donated, and applications for aid are being received, he said. Funds will help hundreds of families to keep the propane on, buy Christmas presents and get back on their feet.

— by *Kasey Brown*

## Policy issues affect the beef industry

Not many people are happy with lawmakers in Washington, but the fact of the matter is that there are several issues that affect the beef industry. Roger Bernard, policy analyst for Informa Economics, told symposium attendees. Unfortunately, many of those issues are in limbo as lawmakers have kicked them down the road.

The 113th Congress has, historically, enacted the least amount of laws. The Farm Bill has taken three years to get to its current stage. It is closer to the finish line, he said, because both chambers have passed their versions of the bill, and the House-Senate conference process is occurring. Headline issues include crops, dairy and nutrition programs, but there are still implications for the beef industry.

The Livestock Disaster Program is reauthorized in both House and Senate versions of the Farm Bill and would provide coverage retroactively to 2012, Bernard noted. The Livestock Indemnity Program would be tweaked. The House version provides payments at 75% of market value,

and the Senate version provides payments at 65% of the market value of livestock.

Additionally, under the Senate bill, \$50 million per year from fiscal year 2014 to 2018 would be awarded for research.

Mandatory country-of-origin labeling (COOL) was enacted May 23, and the World Trade Organization (WTO) is still examining whether it meets the United States’ WTO obligations, Bernard said. The same officials who made the initial determination have been requested to do the examination. This expedites the process, and a conclusion is expected in February 2014.

Bernard said Canada has a list of products for which they will seek retaliation if the

United States does not change COOL. This list could reach \$1 billion annually if the WTO rules against the United States. He said Mexico also has a list, but it has not been published.

Biofuels policy also affects the beef cattle industry and has been a source of contention. While more rain in 2013 has eased some of the feed costs due to more production, biofuel mandates called for adjustment. He explained that the corn ethanol mandate for 2013 is 13.8 billion gallons, for 2014 is 14.4 billion gallons, and for 2015 is 15 billion gallons. The biodiesel mandate for 2012 was 1 billion gallons, for 2013 is 1.28 billion gallons, and 2014 is 1.7 billion gallons.

For 2013, the Environmental Protection Agency (EPA) altered the volume requirements for cellulosic ethanol because it has not become a major component of the U.S. biofuels production. He added that the EPA extended the compliance period for 2013 for four months beyond the normal



PHOTOS BY TROY SMITH

► “This is a knowledge-based economy, and the opportunity to participate in these kinds of conferences are to your advantage,” said Barry Dunn, dean of SDSU’s College of Agriculture and Biological Sciences.



► Policy analyst Roger Bernard addressed three major factors affecting the beef industry — the Farm Bill, COOL and biofuels.

timeline. The EPA also said in its 2013 final plans for the Renewable Fuels Standard (RFS) that mandates for 2014 would likely be reduced. Any legislation on the RFS, biofuels or other matters on renewable fuels will depend upon legislators' reaction to the EPA's proposals for 2014.

— by Kasey Brown

### The current economic picture

Jim Robb, director of the Livestock Marketing Information Center (LMIC), provided a candid snapshot of the global economic environment as



► Recognizing risks and high costs within the industry, Jim Robb emphasized that “mistakes are costly and sound business practices are required.”

he addressed producers and industry leaders attending the symposium.

Robb noted that world economic growth has changed dramatically and is now primarily being driven by the “developing” world as opposed to the “developed” world.

Here in the United States, Robb called it a “slow growth rate” for the economy.

“The average U.S. consumer today is poorer than they were in 2008 in spendable dollars,” he said. “That’s a concern for the beef industry.”

Regarding current beef demand, Robb noted that domestic per capita consumption is currently declining. Despite that, because of record-high beef prices, the demand picture has actually improved in the last several years.

In his view, he said, domestic consumer demand for beef should be OK. Meanwhile, foreign beef demand is relatively strong, but may struggle in the future.

Robb said he anticipates interest rates will head higher, but, he said, it will be a gradual increase, primarily affecting long-term rates (10- and 30-year rates), while short-term rates should stay stable.

“This is not the 1980s all over again,” he emphasized. “This is a different time.”

On the topic of corn, Robb noted that corn prices are down, but, he added, “They are not going to \$2 per bushel.”

He also said, “The ethanol boom is over. It’s a mature industry and is no longer going to cause a shock in the industry that causes your feedstuff costs to skyrocket.”

That said, Robb stressed that price volatility will continue. Past events such as 9/11, bovine spongiform encephalopathy (BSE) and the 2008 credit crisis should teach us that world events will cause market shocks to continue.

Recognizing the risks and high costs within the industry, he emphasized that “mistakes are costly and sound business practices are required.”

For 2014, Robb said, the U.S. cattle inventory will be less than the 92.3 million head on inventory a year ago, but it will still be above 92 million head.

“We ain’t gonna run out of cattle,” he said. “We still produce the most beef in the world with fewer head.”

However, he said, the next several years will be telling and could be dramatically different in cattle numbers. He cited urbanization, shifts to crop production and fewer

available grassland resources as some of the factors that will affect rebuilding the U.S. cow inventory. He added that the export market will be important to continue demand pull.

In his view it will likely be 2017 or later before we see a significant increase in U.S. beef product output, he concluded.

— by Kindra Gordon

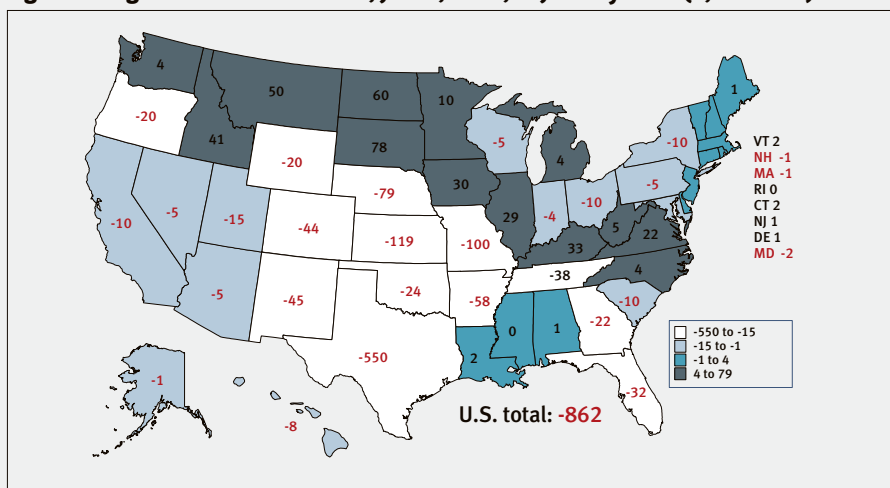
### More details available online

Dunn, Bernard and Robb spoke Tuesday morning at RBCS XXIII along with Greg Doud, who spoke on global trade issues (see “It’s a Small World After All,” page 272). Visit the Newsroom at [www.rangebeefcow.com/2013](http://www.rangebeefcow.com/2013) to view their PowerPoints, read their proceedings or listen to their presentations.

The RBCS is a biennial educational symposium offering practical production management information. Comprehensive coverage of the symposium is available online at [www.rangebeefcow.com](http://www.rangebeefcow.com). Compiled by the *Angus Journal* editorial team, the site is made possible through sponsorship of *LiveAuctions.tv* and the cooperation of the host committee and speakers.

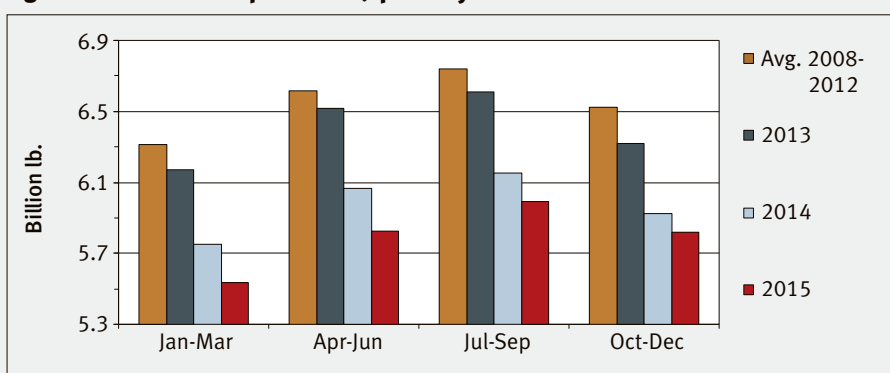


Fig. 1: Change in beef cow numbers, Jan. 1, 2012, to January 2013 (1,000 head)



Data source: USDA-NASS.

Fig. 2: Commercial beef production, quarterly



Data source: USDA-NASS, forecasts LMIC.