

Farm Bureau Convention

Convention covers gamut of topics as members convene in Phoenix.

American Farm Bureau Federation (AFBF) President Zippy Duvall and National Association of State Departments of Agriculture President and Louisiana Agriculture Commissioner Mike Strain took the stage at the 2017 Annual Convention & IDEAg Trade Show for a spirited town-hall discussion on issues critical to America's farm and ranch families and the importance of working together for agriculture.

Unifying agriculture's voice and message on Capitol Hill is vital to accomplishing the policy reforms America's farmers and ranchers need, Duvall said. He reminded audience members of the importance of holding lawmakers accountable.

"Your job isn't done after you leave the voting booth. We all need to be involved and keep making our voices heard," Duvall said. "Rural America paved the way for our lawmakers to take office in Washington, and it's time they [start] crafting policies that help rural communities and agriculture."

Duvall and Strain took questions from the audience on the trade show floor

and addressed a variety of issues, including regulatory reform, immigration reform and trade.

When it comes to matters like regulatory reform, Duvall and Strain said farmers and ranchers are ready for a commonsense approach.

"I believe we can look forward to more reasonability when it comes to regulations from the new administration," said Strain. "We need to look at what the real outcome is with everything we do and what the real cost is."

These policy reforms start with grassroots involvement and leadership, Duvall and Strain said. Training up the next generation of leaders and agriculturalists is one of our leading goals, Strain added. "Agriculture must stay engaged and continue to drive the agenda rather than being driven by it."

The convention brought together agricultural interests from across the country to discuss and set policy on those issues. Following is a smattering of news releases of interest to cattlemen from that event.

"Rural America paved the way for our lawmakers to take office in Washington, and it's time they [start] crafting policies that help rural communities and agriculture."

Expanding herds, growing supply offset by strong demand for livestock products

Consumers should see ample supplies of their favorite meats in 2017. Brisk demand will keep prices from falling too much further though producers of cattle and hogs have seen supply drive prices.

Those were major points made by Karl Skold, head of agricultural economics at JBS. Skold said a historically unusual situation of expanding herds, growing supply and significant demand is driving an overall positive outlook for producers of beef and pork.

To listen to Skold's presentation, go to

<http://bit.ly/AFBF17-Skold>.

"Start with lower feed costs," Skold said, "and the economy continues to improve. We are nearing full employment, and wages are picking up." Skold said these trends are showing up in how consumers are making meat choices.

"We are seeing a big jump in eating meat, but we are also seeing a shift to steaks," Skold said. "We haven't seen this big a jump in demand in a long time."

This is encouraging news for cattle producers who have seen steep declines in cattle prices from record highs only a year ago.

The situation with pork is similar, Skold said, and pork has been profitable until a fourth-quarter drop last year. Per capita pork consumption has been stuck in the neighborhood of 50 pounds (lb.) per person for some time. Pork is more dependent on the export market.

Skold also said per capita

consumption over all meats, including chicken, is going up, tracking lower prices, but beef is gaining favor again with the ample supplies. The economist said that surveying retailers revealed that they had not priced steak as low in the last quarter of 2016 in six years.

"You go to the meatcase and you see \$5.99 steaks, you're going to buy them," he said. "You see \$9.99, we're going to feed the Johnsons coming over chicken." However, Skold said, the prices are spurring significant increases in demand.

Skold said exports would be a huge factor in continuing health for the livestock sector. There are what he called "headwinds," starting with a strong U.S. dollar against most other currencies.

Other nations cannot buy as much U.S. meat with their own currencies. He said that many of the gains in U.S. per capita consumption have already been realized. The industry may have to seek additional gains in the export market.

"You have the population increasing at six-tenths or eight-tenths per year, and you get supply increasing 4%, 5% or 6%, you're going to have to export it," he said.

Skold says consumers should see many opportunities to stock up on beef and pork, as huge supplies will encourage demand.

"Consumers have really returned and are eating more meat," he said.

Farmers must engage state legislators on need for Extension

Thanks to the foresight of Congress more than 100 years ago, the nation's Land Grant and Cooperative Extension System has stable funding from the federal government. However, across the

country, Cooperative Extension services are facing budget cuts from state legislatures. That's where Farm Bureau members can step in to help lobby for adequate support for Cooperative Extension services in their states and communities.

That was the message of Richard Bonanno, associate dean of the College of Agriculture and Life Sciences at North Carolina University.

As the nation's Extension system enters its second century of existence, it faces issues like funding, how to connect the public with agriculture, and increased urbanization.

While the federal government provides yearly funding for Extension services, those dollars must be matched by state governments, Bonanno, said. That's why cuts in state funding can hamper Extension's ability to offer programs.

"We need to do a better job of engaging our state politicians about the need for stable funding. Level funding or small decreases in Extension budgets can impact our ability to interact with the public, provide youth development programs like 4-H and offer food and nutrition programs," Bonanno said.

North Carolina, for instance, has lost 200 agents since 2010 because of budget cuts. That reduces the ability of Extension agents to get out in the field and have face-to-face contact, Bonanno said.

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In North Carolina, some urban counties questioned the need for funding Extension when they did not have any farmers living in the community, Bonanno said. But Extension was able to show why it needs a county-by-county presence, he said.

"In Charlotte, for instance, they support Extension funding because of the growth of the local food movement," he said. "They now want the county to have Extension run a county farm to teach residents about their food supply."

While growth in local foods has helped the public understand more about agriculture, Bonanno, a former president of the Massachusetts Farm Bureau, said he wants to make sure the public understands the whole picture of the nation's agriculture system.

"To me, a big part of local foods is a desire on the public to understand their food supply," Bonanno said. "The abundance and affordability of our food supply requires we have all types of farmers, and all types of agriculture."

Outlook for U.S. crop prices continues to be below average

The U.S. grain price outlook and crop demand for 2017-2018 will likely show no major changes, according to Pat Westhoff, director of the Food and Agricultural Policy Research Institute at the University of Missouri (MU).

Trends for 2017 look to stay similar to that of 2016, unless a major disruption in outside factors occurs, such as weather or foreign market

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Westhoff spoke at the AFBF's 2017 Annual Convention and IDEAg Trade Show about global crop trends in crop production and demand for the upcoming year.

"Lots of pressure will be placed on labor markets where there hasn't been in the last several years," Westhoff said. This is a result of poor labor markets and a slowing rate of population growth.

"Most of the immediate population growth will occur in the age range of people who are not of working age in the U.S., adding to the stress on the labor market," Westhoff said.

Yields for global grains and oilseeds have increased by roughly 1% per year since 1980; this is the same rate as the global growth in population, Westhoff said. Similarly, the area harvested for wheat, rice, corn and soybeans around the world between 2002 and 2014 increased by 17%; world per capita consumption is at a 16% yearly increase.

"China and biofuels accounted for all the growth in per capita consumption since 1980," Westhoff said. Ethanol production and an increase in Chinese consumption per capita has had the greatest effect on grains and oilseeds global markets.

"Remove those two factors and we have about the same per capita use of grains and oilseeds," Westhoff said.

Recently, biofuel growth has slowed and there are questions about the future of Chinese growth, as well. The grain and oilseed markets stand to continue current trends because of this, according to Westhoff.

"World production of the four major crops — corn, wheat, soybeans and rice — increased by nearly 50% since 2002," Westhoff said. "2016 will be the fourth straight year with above-trend global yields for these crops."

Westhoff also addressed the outlooks on global and U.S. markets for each of the major crop markets (corn, soybeans, wheat, cotton and rice) separately, predicting not much change will occur.

Westhoff is a former chief economist of the U.S. Senate Committee on Agriculture, Nutrition and Forestry. He grew up on a dairy farm in eastern Iowa

and earned his doctorate from Iowa State University.

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Promoting responsible antibiotic use on the farm

Antibiotic resistance has become a hot topic in animal agriculture, due to new

regulations as well as pressure from activist groups, retailers, foodservice companies and customers.

In a workshop at the AFBF convention, Jennifer Wishnie, a veterinary public health expert, gave an overview of the growing interest, pressure and misunderstanding about antibiotics in

animal agriculture, how farmers and ranchers are addressing changes on the farm due to new regulations, and how they can help to educate the public about the responsible use of antibiotics.

"Many consumers don't realize that

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there is veterinary oversight on the farm,” said Wishnie. “This gives us opportunities to educate them on how antibiotics are used responsibly. When we use antibiotics, there is a potential for resistance to develop, so using them appropriately helps minimize this resistance.”

An additional concern, Wishnie said, is

the confusion between antibiotic residues and antibiotic resistance, which are not the same. This confusion can lead consumers to question whether there are antibiotics in their food. Consumers should understand that the Food and Drug Administration addresses residues by approving antibiotics with specific withdrawal times, which

assures that residues are not present in meat for consumption.

“This is an important distinction,” Wishnie said. “If we use an antibiotic responsibly and follow the withdrawal time, the antibiotic residue is minimized, and our food is safe, but this is a point that consumers really don’t understand.”

**To listen to this
presentation, visit**

<http://bit.ly/AFBF17-Wishnie>

New Agriculture Department regulations that went into effect Jan. 1 are a significant regulatory step that will change how antimicrobials are used in food production on the farm. Once the labels are changed, it will be illegal to use medically important antibiotics to promote animal growth.

“The overarching thinking, and now the regulation, behind all of these guidances was removal of growth promotion or nutritional efficiency uses of medically important antibiotics in feed and water, and bringing the therapeutic uses under increased veterinary oversight,” Wishnie said.

The new rules will undoubtedly require more time and cost, and a lot of recordkeeping. Records will have to be kept for two years by the feedmill, the producer and the veterinarian.

According to Wishnie, responsible antibiotic use by all sectors is vital to minimizing the potential for antibiotic resistance. Additionally, collaboration and communication between all stakeholders, including doctors and patients, veterinarians and farmers, as well as government, academia and industry, is essential to better understand and strategically address this topic.

“This is an ongoing conversation. It’s important to communicate,” Wishnie said. “Many new pressures are coming, and a lot of them exist from some misunderstandings, particularly on the consumer side. So those opportunities to talk with your neighbors or to the public about what you do and how veterinarians are involved, your long history of farming and how you use antibiotics responsibly to maintain animal health, I think, can be really enlightening to some people who have no idea [about where their food comes from] other than going to the grocery store.”

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Food safety rules challenge farmers on several fronts

Equal treatment of domestic and foreign growers, the need for extensive education, training and technical assistance, and agricultural water provisions are among farmers’ top concerns as they implement the *Food Safety Modernization Act’s* (FSMA’s) produce rules, according to Bob Ebbart, senior policy and science advisor with the National Association of State Departments of Agriculture (NASDA).

Signed into law in January 2011, FSMA focuses on the prevention of foodborne illness including risk-based “preventative controls” and provides new enforcement authorities such as the ability to ensure the safety of imported

foods and to regulate produce. The law directs the creation of an integrated food-safety system in partnership with state and local authorities.

As straightforward as Congress's objectives may have been in crafting FSMA, the rules are exceptionally complex.

"There's a whole lot of detail in these rules. It's going to be very difficult to figure out where you fit and what's expected of you," cautioned Ebhart. "There is a logic associated with it; it's just not a farmer's logic."

Detailing NASDA's concerns about the water-related FSMA produce rules, Ebhart noted how little FDA regulators know about how farmers actually use water.

"Over this past year, FDA asked us to give them examples of the way farmers use water, and in almost every instance they said, 'We didn't know about that,'" he said. "The complexity of how water gets to a crop is kind of blowing their minds, but they should have known all of this before they wrote the rule."

To listen to Ebhart's presentation, visit

<http://bit.ly/AFBF17-Ebhart>.

Under the rules pertaining to water use and produce, FDA assumes water is contaminated, rather than allowing "clean" water a pass. The agency also "requires a frequency of testing we think could be less restrictive for some waters and says farmers can use only one method to test water — a method most environmental labs don't use," Ebhart continued.

Questioning how FDA was going to make sure foreign produce suppliers are held to the same standards as domestic growers, Ebhart asked how the agency was going to guarantee that the water used to grow fruit imported from Vietnam is as clean as that used in domestically grown fruit.

With FSMA's produce rules raising more questions than providing answers in many cases, NASDA is in the early stages of piloting an On-Farm Readiness Review (OFRR). Funded by FDA through cooperative grants, the OFRR will be a voluntary program under which farmers can have a third-party inspector visit their farm to determine how they would fare during an FSMA-related inspection.

The group is also developing an OFRR tool kit that will include a detailed checklist that works the way a farmer would — from preharvest to postharvest — and focuses on water, worker training, sanitation and wildlife.

"It's also going to be an opportunity for us to learn from people who are way ahead of the curve. From them we can get better ideas about what should be part of our educational program," Ebhart explained.

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Entrepreneurs share insights for taking on investors

Building networks, understanding the capital needs of your business and being flexible to deal with the unexpected are critical components for success in seeking investors in a start-up company.

These were some of the key messages from a panel of agriculture technology and food entrepreneurs who shared their advice during the Farm Bureau Agriculture Investment Summit Jan. 7. The summit, hosted during the AFBF's 2017 Annual Convention & IDEAg Trade Show, connects ag entrepreneurs with investment

associates from venture capital funds, accelerator programs and Rural Business Investment Companies, which allow the Agriculture Department to facilitate private equity investments in agriculture-related businesses.

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Justin Renfro of Kiva moderated panelists Michael Koenig, president of ScoutPro Inc.; Stuart McCulloh, ScoutPro's director of customer success; Janette Barnard, founder and CEO of The Poultry Exchange; and Dane Kuper and Dustin Balsley, founders of Performance Livestock Analytics Inc.

Commenting on how he and McCulloh raised capital in the company's early years, Koenig said, "If you have something to talk about, investors will reach out to you. Never discount the value of a cold call." He said he kept a spreadsheet to keep track of all the connections they made, which proved

extremely valuable in helping them build a network to launch the business.

Barnard emphasized the importance of networking to build your contact base and solicit advice.

"When you find an investor, there are usually 10 more [within that network]," she said. In building her company, she sought

advice from a former CEO of a large chicken company. "It was validation early on," she said. "He could see the need, and he understood the pain points. Also, as an advisor, he could provide perspective."

Panelists said an important consideration in seeking investment capital is finding an experienced investor who realizes there will be challenges along the way.

Said Barnard, "A seasoned start-up investor will understand that your plan will often play out differently than you projected and will expect course corrections."

While there will be setbacks in building and launching a start-up, Balsley says these often test your mettle as an entrepreneur.

"Any time there are struggles, that's where your creativity and innovation really shine," Balsley said. "Those pain points create innovation, and they make you better in the long run."

Koenig said the best advice he could give to aspiring entrepreneurs was to expect the unexpected.

"Whatever time you think you need, double it," he said. "I wish someone would have told us that in the beginning. The same goes for legal fees. To do it right, legal counsel is key to your business. We all need help from other people, and our legal counsel was some of the best money we ever spent."

One of the most important considerations of seeking capital is considering how much equity you are willing to trade in order to grow your business.

"Funding is only relevant to the extent that it helps you build a better business faster," said Barnard. "You're inherently giving up part of your company when you take on investors, so you should find a way to fund your growth through profits if possible, but not at the expense of growth."

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Farmers urge peers to define 'sustainability' for themselves

With large corporations like Chipotle and Walmart using the term "sustainable" to get consumers' attention and grow their market share, farmers and ranchers need to start defining sustainability for themselves, experts told participants at the 2017 AFBF annual convention.

Row-crop farmer Katie Heger encouraged farmers and ranchers not to shy away from addressing the financial aspect of sustainability.

"It's not just about having that extra nickel in our pocket. We're a business, and we need to have a profit to support our families, to support our employees and to continue to invest in our communities and our businesses," Heger said.

Panelists also shared the sustainability practices they use — from soil preparation to community involvement.

South Dakota rancher Josh Geigle

said he uses a “take half, leave half” approach to graze beef cattle. “If your grass is a foot tall, you let the cows graze 6 inches of it and then move them to another pasture, allowing the pasture that was grazed to rest until next year,” he explained.

Community outreach is also a sustainability factor for Geigle.

“We’re active on our county Farm Bureau board and in our children’s sports. I helped coach my son’s youth baseball league, and we’re involved in the rodeo club. We get to mingle with people from town who don’t get to be on a farm or ranch on a daily basis, and we can share with them what we’re doing to be sustainable,” Geigle said.

As a veterinarian working in Idaho with a number of dairy farmers, Elizabeth Kohtz said she’s seen a shift in various approaches to sustainability. She said some farmers are now focusing more on a cow’s longevity than its productivity.

**To listen to this presentation,
visit [http://bit.ly/
AFBF17-Sustainability](http://bit.ly/AFBF17-Sustainability).**

“Of course, we want to produce as much milk as we can with one cow, but at the same time, if we roll through a bunch of cows, that’s not sustainable either. It takes a certain amount of inputs to get cows to 2 years old so you can milk them, so we’re trying to look at longevity and the overall health of the animal,” Kohtz said.

Kohtz also shared how dairy farmers are making the most of farm byproducts that would go to waste otherwise.

“Dairies are big users of feed byproducts. Cottonseed is one of the big ones. We import cottonseed from Arizona and Texas,” she explained. “They can digest it. We can’t.”

Katie Heger, a row-crop farmer from North Dakota, said planning as far as four years ahead is one key to her family farm remaining sustainable.

“We are long-term planners, we are long-term purchasers and we are long-term marketers. We look at not only how we can profit, but how we can save. Part of that is knowing our inventory. What do we need to have on hand to make this work?” she said.

Relationships are also a critical element of sustainability for Heger.

“Farming is all about relationships. It’s about my husband and I knowing what’s going on. What can we afford? What’s coming up in the next year?” she said. “It’s about communicating with our neighbors, our employees, with our landlords.”

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