

Industry Link

Japan wary of U.S. beef, despite USDA report

Japanese officials in late February gave no indication of trade resumption after receiving the U.S. Department of Agriculture (USDA) report explaining the Jan. 20 shipment of banned beef materials.



According to *The Associated Press*, Japanese Prime Minister Junichiro Koizumi called the 475-page report “insufficient,” stating that a quick resumption of U.S. beef imports is unlikely. Chief Cabinet Secretary Shinzo Abe reported that the Japanese government was still examining the USDA report. Abe added that officials there could have some questions for the agency following a careful reading of the report.

“If, after all that, the U.S. can convince us that preventive measures will be firmly taken from the perspective of food safety and security, then we will resume the imports at that point,” Abe stated in the AP article.

At press time, *The Japan Times* reported that it could take several days for Japanese officials to finalize their response to the report.

FSIS announces initiative to reduce salmonella

The USDA Food Safety and Inspection Service (FSIS) Feb. 23 announced a comprehensive initiative to reduce the presence of salmonella in raw meat and poultry products. The initiative will be patterned after the agency’s successful efforts to reduce *E. coli* O157:H7 in ground beef, which led to a 40% reduction in human illnesses associated with the pathogen.

“Our goal is to work proactively to reduce the presence of salmonella on raw products before plants develop a pattern of poor performance,” said USDA Undersecretary for Food Safety Richard Raymond. “FSIS will more quickly report testing results and target establishments needing improvement, providing timely information to both consumers and industry.”

The initiative will include concentrating resources at establishments with higher levels of salmonella and will change the reporting and utilization of FSIS salmonella-verification test results.

Certain serotypes of salmonella, which are known to cause human illness

are commonly found in raw meat and poultry. Other food sources, such as produce and eggs, are also known to cause salmonellosis.

Since 2002, FSIS has seen an increase in salmonella-positive samples in broilers. Although the overall percentage of positive samples in verification testing of broilers is still below national baseline prevalence figures, the recent upward trend is of concern to the agency.

FSIS will plan to more quickly have the serotype of salmonella found in positive samples determined in order to notify the establishment and monitor and investigate illness outbreaks in coordination with federal, state and local public health agencies. These results also could provide useful information about trends in the presence of serotypes of salmonella to prevent outbreaks.

To view the agency’s notice of the initiative in the *Federal Register* or to make comments on the notice (due before May 30), visit <http://www.fsis.usda.gov/regulations%5F%26%5Fpolicies/2006%5Fnotices%5Findex/>.

Canadian cattle herd declines

Statistics Canada is reporting a decline in the country’s national cattle herd — the first decline in three years, according to the *Canadian Press* (CP).

According to CP, a survey of 10,000 cattlemen showed a 233,000-head drop this year, from 15.1 million head on Canadian farms in 2005 to 14.8 million head as of Jan. 1, 2006. However, the total is still more than 1.3 million head higher than pre-bovine spongiform encephalopathy (BSE) figures.

The report noted that, with the border reopening July 2005, exports of live cattle to the U.S. are approaching pre-BSE ban levels.

Bush’s FY 2007 ag budget released

Agriculture Secretary Mike Johanns has released details of President Bush’s fiscal year (FY) 2007 USDA budget.

According to USDA, total agency expenditures are estimated at about \$93 billion in 2007, nearly \$3 billion below the 2006 level. Roughly 77% of expenditures, or \$71.3 billion in 2007, will be for mandatory programs that provide services required by law, which include many of the nutrition assistance, commodity, export promotion and conservation programs.

USDA’s discretionary programs account for the remaining 23% of expenditures, or \$21.5 billion, in 2007, a decrease of \$1.2 billion from 2006. Discretionary programs include the Women, Infants and Children (WIC) program; rural development loans and grants; research and education; soil and water conservation technical assistance;

management of National Forests; and domestic marketing assistance.

Among FY 2007 budget highlights, \$82 million was included for domestic surveillance and response efforts to help stem the spread of avian influenza overseas; \$322 million was allocated for the multi-agency Food and Agriculture Defense Initiative; USDA’s core investment in energy-related projects increased to \$85 million, up from \$67 million; and more than \$4 billion was set aside to continue implementation of conservation programs authorized in the 2002 Farm Bill.

Johanns also announced the launch of www.ExpectMore.gov, a Web site meant to provide easily accessible information about federal programs, their current performance and actions the Administration is taking to improve performance in the coming year.

Additional information regarding the FY 2007 budget proposal is available at www.usda.gov.

Strong profits lead to herd expansion

U.S. cow-calf producers responded to another year of record-high calf prices and continued to expand beef cow and replacement heifer numbers during 2005, Cattle-Fax reported.

Despite the limited beef exports and one of the largest net beef supplies on record, prices for fed cattle, feeder cattle and calves were record-high during 2005.

The market analysis organization reports that, during 2005, the U.S. exported about 700 million pounds (lb.) of beef cuts, compared to 415 million lb. in 2004 and 2.5 billion lb. in 2003. Mexico accounted for about two-thirds of 2005 beef exports.

Beef imports during 2005 were near record and totaled about 3.6 billion lb. The largest increases in imports came from Canada and Uruguay.

According to Cattle-Fax, cattlemen should expect slightly lower prices for fed cattle during 2006, averaging \$85-\$87. Feeder cattle prices are expected to average \$106-\$108 during 2006, which is \$2-\$4 lower than 2005 levels. Calf prices are projected to trade in a range of \$115 to \$135 during the course of the year, averaging about \$125 during 2006. Larger net beef supplies, increased cattle harvest and larger beef production will force prices lower during the year, compared to records set during 2005.

Cattle feeders, stocker operators, backgrounders and cow-calf producers should all experience slimmer operating margins during 2006 due to the larger available supplies. Market cow and breeding cattle prices are expected to be mostly steady during 2006. However, conditions could change if the drought persists in the Southern Plains.

Net beef supplies for the year are expected to increase during the year and

be near record as increased market access and larger beef exports are expected to offset about half of the increase in domestic beef production.

Beef demand dips in 2005

Consumer demand for beef dipped slightly in 2005; however, the Beef Demand Index remains up more than 20% since reversing its 20-year decline in 1998, Cattlemen’s Beef Promotion and Research Board (CBB) Immediate Past Chairman Al Svajgr announced.

“We had such a stellar growth year for demand in 2004 that we didn’t top that mark in 2005, even though we continued to enjoy terrific strength in the market, including strong prices for cattle throughout the year,” Svajgr stated in a CBB release. The index decreased 3.6% in 2005 compared to record growth in 2004, according to preliminary year-end results.

Cattle-Fax estimates that the increase in demand since 1998 has added about \$250 per head to the price of fed cattle and about \$200 per head to the price of calves, CBB reported.

For more information visit www.beef.org/news.aspx.

Washington Watch

Bill proposes more USDA authority

A bipartisan group of Senators introduced a bill in mid-February that would give USDA the authority to enforce laws against unfair price manipulation in livestock markets, according to *Agriculture Online*.

Referred to as *The Competitive and Fair Agricultural Markets Act of 2006*, the bill was introduced by Sen. Tom Harkin (D-Iowa), Sen. Mike Enzi (R-Wyo.) and Sen. Craig Thomas (R-Wyo.). The bill, if passed, would strengthen the Packers and Stockyards Act and define unfair pricing practices, the article noted. The bill would create a special counsel to investigate complaints of unfair pricing, and it also would ban deceptive practices by companies that contract with producers for farm commodities.

According to *meetingplace.com*, the bill was created in response to a report released by the Office of the Inspector General (OIG) criticizing USDA’s Grain Inspection, Packers and Stockyards Administration (GIPSA) for its “lax supervision” of the livestock industry.

Congress, consumers question CO use

Members of Congress and some consumers are voicing concern about the meat industry’s use of carbon monoxide (CO) to maintain meat’s bright pink color, the *Washington Post* reports.

Although harmless to health at levels being used, CO as a “pigment fixative” is coming under fire, the article noted. Critics are challenging the Food and Drug Administration (FDA), arguing that the agency is allowing the practice without a formal evaluation of its impact on consumer safety. The gas allows meat to maintain its bright-pink color for longer periods of time in an effort to save the

industry from discarded meat that is still safe to consume, but “no longer pretty.”

Industry Events



Southwest Arkansas Cow-Calf Conference

March 21, Hope

The 2006 Southwest Arkansas Cow-Calf Conference will address a wide array of topics, including estrus synchronization, artificial insemination (AI), round bale silage management, and trace mineral and program feeding research. Three tours stops are scheduled at the University of Arkansas Southwest Research and Extension Center.

Presentations after lunch will feature a market outlook for 2006, management of pastures with high fertilizer prices, and improving marketing potential by source and age verification.

Registration begins at 9 a.m. at the Extension center in Hope. For more information contact the Clark County Extension service at (870) 246-2281, the Nevada County Extension service at (870) 887-2818 or the Sevier County Extension service at (870) 584-3013.

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 daylong 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.

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.

BIF 38th Annual Research Symposium and Annual Meeting

April 18-21, Choctaw, Miss.

The 2006 Beef Improvement Federation (BIF) meeting will be in April at the Pearl River Resort.

For more information, including registration, hotel and travel details, visit <http://msucares.com/livestock/beef/bif2006.html> or call Jane Parish or Blair McKinley at (662) 325-7466 or (662) 325-3691, respectively.