

# Industry Link

## U.S. cattle on feed up 4%

Cattle and calves on feed for harvest in the United States for feedlots with capacities of 1,000 or more head totaled 11.8 million head Jan. 1, 2006. The inventory was 4% above the same time last year and 5% above Jan. 1, 2004, figures.

Placements in feedlots during December 2005 totaled 1.88 million, 3% above 2004 figures and 8% above 2003 figures. This is the highest placements for the month of December since the series began in 1996. Net placements were 1.79 million head.

Marketings of fed cattle during December 2005 totaled 1.72 million, 3% below 2004 figures and 1% below 2003. Other disappearance totaled 91,000 during December, 1% below 2004 figures but 1% above 2003 figures.

	No. of head (1,000 head)			2005 as % of	
	2003	2004	2005	2003	2004
On feed Dec. 1 <sup>a</sup>	11,335	11,334	11,726	103	103
Placed on feed during Dec.	1,748	1,834	1,884	108	103
Fed cattle marketed during Dec.	1,740	1,777	1,715	99	97
Other disappearance during Dec. <sup>b</sup>	90	92	91	101	99

  

	No. of head (1,000 head)			2006 as % of	
	2004	2005	2006	2004	2005
On feed Jan. 1 <sup>a</sup>	11,253	11,299	11,804	105	104

<sup>a</sup>Cattle 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.

<sup>b</sup>Includes death loss, movement from feedlots to pasture and shipments to other feedlots for further feeding.

**Source:** National Agricultural Statistics Service.

## Japan halts U.S. imports

Japan halted U.S. beef imports Jan. 20 due to a shipment of veal containing material in violation of the trade agreement between the two countries.

According to *CNN.com*, Japanese inspectors at Tokyo International Airport discovered three boxes of frozen beef containing backbone, a violation of the agreement to export U.S. beef from cattle 20 months of age and younger and free of material from the vertebral column.

At press time, the Japanese Agriculture Ministry had halted all U.S. beef imports until the U.S. Department of Agriculture (USDA) could explain the findings.

The news comes as a devastating blow to the U.S. meat industry, just days after officials achieved encouraging trade breakthroughs with Singapore and Taiwan.

Secretary of Agriculture Mike Johanns announced that the USDA would conduct a thorough investigation into the matter.

Johanns announced a series of corrective actions, including the delisting of the processing plant that exported the product, and "appropriate personnel action" against the USDA Food Safety and Inspection Service (FSIS) employee who inspected and approved it for shipment to Japan. USDA also dispatched a team of inspectors to Japan

to work with Japanese inspectors, and the agency sent USDA inspectors to every U.S. processing plant approved for beef export to review procedures and ensure compliance with export agreements. Johanns also required that two USDA inspectors review every shipment of U.S. beef for export to confirm compliance.

"We are in communication with Japanese officials, and we will continue that dialogue to assure them that we take this matter very seriously and we are acting swiftly and firmly," he said.

Johanns plans to provide, in writing, an outline of USDA's actions and the results of the agency's investigation. Japanese officials said they would not resume U.S. beef imports without an explanation of how spinal material appeared in the shipment, *Reuters* reported.

At press time, U.S. and Japanese officials were meeting to discuss the investigation and resolve the issue. According to Japanese news source *Asahi Shimbun*, Japan's Chief Cabinet Secretary Shinzo Abe said Japanese customers won't buy U.S. beef unless suspicions are cleared.

At press time, it remained unclear how long that would take.

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**Industry Link** (from page 137)**BSE case detected in Canada**

A new case of bovine spongiform encephalopathy (BSE) has been discovered in Canada, officials confirmed Jan. 23.

The Canadian Food Inspection Agency (CFIA) reported the disease was found in an approximately 6-year-old, crossbred

cow born and raised in Alberta. According to reports, the animal did not enter the human food or animal feed systems.

Alberta officials have launched a comprehensive investigation into the feeding regimen and storage practices of the farm where the BSE-infected cow was discovered. At press time, the agency was working to identify offspring of the

affected animal, as well as cattle born on the farm within 12 months before and after the affected animal. Any live animals found from these groups were to be segregated and tested, according to CFIA.

Secretary Johanns said he does not anticipate changes in the status of beef or live cattle imports to the U.S. from Canada.

“As I’ve said many times, our beef trade decisions follow internationally accepted guidelines that are based in science,” Johanns said. “I am confident in the safety of beef and in the safeguards we and our approved beef trading partners have in place to protect our food supply. We will continue to adhere to international guidelines in our relationships with all trading partners, and my hope continues to be that we achieve a system of science-based global beef trade.”

Johanns said USDA will work with Canada and its investigative team and continue to evaluate the situation as the investigation continues.

**Singapore reopens market to U.S. beef**

Singapore announced mid-January that it would resume the import of U.S. boneless beef products from animals less than 30 months of age.

At press time, it remained uncertain whether the subsequent closure of the Japanese border would affect Singapore’s decision to lift its ban.

According to USDA, the United States exported \$5.9 million of beef and beef products to Singapore in 2003, with boneless beef exports accounting for nearly \$4 million.

**South Korea to import boneless beef**

Secretary Johanns and U.S. Trade Representative Rob Portman announced Jan. 13 that South Korea and the United States had agreed on an initial import protocol, allowing the U.S. to export boneless beef from cattle less than 30 months of age under a Beef Export Verification Program.

Johanns said trade is expected to resume sometime around the end of March.

Both he and Portman recognized the news as an important step in fully reopening Korea’s market to U.S. beef.

Portman said that although the protocol is welcome news, U.S. officials are extremely disappointed that Korea did not fully open its market to all U.S. beef products.

“We will continue to urge Korea in the strongest terms to open its market without delay to U.S. bone-in beef, variety meats and offal,” he said. “Together these products historically accounted for approximately 50% of U.S. beef exports to Korea.”

According to USDA, prior to the 2003 ban, the U.S. exported \$815 million worth of beef and beef products to Korea, of which \$449 million was boneless beef.

### **Philippines opens market to live cattle**

The Philippines Department of Agriculture has agreed to allow live U.S. breeding cattle imports into the country, said John Clifford, deputy administrator for the Animal and Plant Health Inspection Service (APHIS).

U.S. cattle imports will be subject to the Philippines Import Health Protocol for Live Cattle. As with meat and meat products, a veterinary quarantine clearance (VQC) from the country's Bureau of Animal Industry (BAI) will be required before animals are allowed entry, Clifford explained.

### **USDA considers new ID approach**

The USDA is considering a new approach toward the National Animal Identification System (NAIS), Clifford told attendees of the American Farm Bureau Federation (AFBF) annual meeting.

According to an AFBF release, the system would allow the USDA to access a number of both government-operated and privately operated animal ID tracking databases.

"The concept will allow us to enter into agreements with the different entities responsible for the different databases," Clifford stated. Such agreements will define the legal responsibility of all parties involved regarding system specifications, which will include reliability, uninterrupted access for state health officials, and no user fees for states or federal entities accessing the system.

Clifford emphasized that USDA is now only considering the feasibility of the approach.

The National Institute of Animal Agriculture (NIAA) released a statement following the announcement commending Secretary Johanns for considering a new approach for the NAIS. However, NIAA President and Chief Executive Officer (CEO) Glenn Slack stated that the system also presents a new set of questions, and some of the existing concerns remain.

According to Slack's statement, previous analysis suggested that both systems have advantages as well as shortcomings; however, the approach holds promise for the industry.

Meanwhile, the United States Animal Identification Organization (USAIO) announced mid-January its formation as a nonprofit, independent organization created to manage the animal ID database as prescribed by the NAIS.

A memorandum of understanding (MOU) has been submitted by the USAIO to USDA to form a strategic partnership.

### **R-CALF requests BSE hearing**

Ranchers-Cattlemen Action Legal Fund United Stockgrowers of America (R-CALF USA) filed a motion in early January in the U.S. District Court of Montana to request a hearing in its litigation against USDA's minimal risk rule regarding BSE.

According to R-CALF, its motion

argues that the facts in the case weren't fully developed when the Ninth U.S. Circuit Court of Appeals in mid-July 2005 overturned a previous ruling by the Montana district court that granted an injunction blocking Canadian live-cattle imports.

R-CALF argues that the federal appeals court heard only very limited facts and failed to address all evidence and

arguments now presented in its challenge against the USDA rule. As a result, R-CALF is requesting the district court reconsider the case, maintaining that the Ninth Circuit's decision "does not limit, or eliminate, the need for oral arguments of the case and a ruling by the district court on the summary judgment motions filed by both R-CALF USA and USDA."

According to R-CALF, its motion also

demonstrates that USDA is not applying sound scientific judgment to the BSE issue, allowing an increased risk of BSE infectivity.

The organization's litigation disputes the safety of Canadian beef products and requests the USDA's Final Rule on Canada be overturned and Canadian imports be rejected altogether.

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**Industry Link** (from page 139)**Ethanol byproducts may enhance calf growth**

With the increase of ethanol production in Missouri, University of Missouri researchers are looking at the effectiveness of the industry's byproduct, distillers' dried grains with solubles (DDGS), to enhance calf growth.

Researchers are looking at the optimal inclusion rate of DDGS in pellet form for preconditioned calves fed a no-roughage diet.

In current research, Angus calves, with an average starting weight of 500 pounds (lb.), will be fed one of eight diets. The DDGS will be added to the control diet at rates of 1.7, 2.7, 3.5, 4.2, 5.2 and 6.2 lb. per day. These treatment

diets will be fed to calves for 40 days to calculate the optimal inclusion rate of distillers' grains to meet the calves' amino acid requirements.

**USDA safeguards the food supply**

USDA announced additional efforts in collaboration with states and private industry to protect the nation's food supply from terrorist threats.

According to a USDA release, FSIS will conduct five critical food-defense exercises this year, to be completed by September's end. The exercises are designed to practice reporting a nonroutine incident while coordinating with all levels of government, nongovernmental agencies and the private sector in an incident command system structure. These exercises will challenge all participants to collaborate more closely and become better prepared to keep the food supply safe.

Additional information about agrosecurity can be found at [www.usda.gov/homelandsecurity](http://www.usda.gov/homelandsecurity).

**USDA offers funding for EQIP practices**

Agriculture Deputy Secretary Chuck Conner announced \$40 million for one-time payment adjustments that will allow eligible Environmental Quality Incentives Program (EQIP) participants to complete conservation practices that have been delayed because of recent increases in energy prices.

The assistance is part of USDA's effort to mitigate the effects of high energy costs on agricultural producers. The one-time adjustment will apply to participants who signed EQIP contracts in 2004 or earlier. The increase in payment will apply to specific practices that have been most affected by spikes in the cost of concrete, steel, plastic pipe and other construction materials. The increase will be paid only for practices that are completed between March 1 and June 30, 2006, and will focus on specific practices that have escalated in price by 20% or more because of rising energy costs.

For more information on this one-time adjustment, go to [www.nrcs.usda.gov](http://www.nrcs.usda.gov) or visit a USDA Service Center.

**Hong Kong resumes U.S. beef trade**

Hong Kong — once the fifth-largest market for U.S. beef products — announced late December 2005 that it would again be accepting U.S. beef exports. The agreement allows the U.S. to export boneless beef from cattle less than 30 months of age to Hong Kong under the Beef Export Verification (BEV) Program.

Johanns applauded the Hong Kong government for making trade decisions based on internationally accepted scientific standards.

The United States exported \$90 million worth of beef and beef products to Hong Kong in 2003.

**CAFTA delayed**

Although several Latin American

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countries had hoped the Central American Free Trade Agreement (CAFTA) would take effect on the first of the year, delayed legal and regulatory reform has slowed the process, *The Associated Press* (AP) reported.

The agreement was to eliminate trade barriers between the United States,

Central America and the Dominican Republic, but all six of the associated countries have failed to meet U.S. technical changes and customs procedures required for import.

According to AP, Honduras, El Salvador and Guatemala had hoped to meet entry requirements by Feb. 1. Nicaragua

probably won't join until March, and the Dominican Republic won't be ready until July 1, the article noted. Costa Rica had yet to ratify the pact.

Proponents of CAFTA are fearing business and trade losses due to the delay, while some farm groups, which feared effects on small producers and local businesses, are enjoying the temporary victory.

**Minnesota changes TB status**

The Minnesota Board of Animal Health (MBAH) announced mid-December 2005 that the USDA would change the state's bovine tuberculosis (TB) status to modified accredited advanced. The move places the state one level below TB-free status.

"The USDA will require all breeding cattle 18 months of age and older be tested for bovine TB within 60 days of shipment," said MBAH Executive Director and State Veterinarian Bill Hartmann in a release. "Cattle are exempt from the testing requirement if they are moving interstate directly to slaughter, a feedlot, or if the animals are from a TB-accredited herd."

Producers shipping animals across the Minnesota border should contact the state they are shipping to for import requirements.

For more information visit [www.bah.state.mn.us](http://www.bah.state.mn.us).

**FSIS confirms decrease in *E. coli***

FSIS officials reaffirmed previously published numbers showing a dramatic, sustained decrease in the rate of *E. coli* O157:H7 positive test results on raw ground beef, the American Meat Institute (AMI) reported.

FSIS confirmed its previous estimate of a 54% reduction in the rate of *E. coli* positives for raw ground beef samples from fiscal year (FY) 2003 to FY 2005. Further analysis of the numbers proves the agency is accurate, the article continued.

In a letter to the editor of the December *Journal of Food Protection*, FSIS said it believes the decreased rate of positives likely resulted from policy changes and industry actions, instead of annual variation in rates.

**USDA funds research on helping small farms**

USDA has awarded \$5 million in grants to researchers who will seek new ways to help small farmers remain profitable.

Fifteen colleges and universities in 13 states will receive grants of \$500,000 to better understand what makes small- and mid-sized farms and rural communities prosper.

The Agricultural Prosperity for Small and Medium-Sized Farms program is part of USDA's Cooperative State Research, Education and Extension Service (CSREES) National Research Initiative (NRI) competitive grants program. Projects are eligible for up to \$500,000 for two to four years of support.

For more information visit [www.csrees.usda.gov](http://www.csrees.usda.gov).

**USDA to fund schools, roads**

Secretary Johanns has announced that more than \$380 million will be distributed to 41 states and Puerto Rico for improvements to public schools and roads.

"This funding helps to strengthen the communities that surround national forest lands and provides the resources to enhance environmental



stewardship within those communities,” Johanns said.

According to USDA, since 1908, 25% of Forest Service (FS) revenues — such as those from timber sales, mineral resources and grazing fees — have been returned to states in which national forest lands are located.

Because receipts from timber sales fluctuated over time, the Secure Rural Schools and Community Self-Determination Act of 2000 was developed to stabilize payments to counties. These funds continue to provide funding for schools and roads as well as to create employment opportunities to maintain current infrastructure and implement stewardship objectives that enhance forest ecosystems and restore and improve land health and water quality.

Oregon received the largest payment, which was more than \$146 million; California received \$64.6 million; and Washington received \$41.8 million.

The FY 2005 payments are listed at [www.fs.fed.us](http://www.fs.fed.us). However, the payments do not reflect national grassland revenues, which are calculated on a calendar year basis and will be paid to counties in March 2006.

#### **McDonald's criticizes feed ban**

Seven scientists and specialists from McDonald's Corp. and a pharmaceutical supplier have submitted comments to the Food and Drug Administration (FDA) criticizing the agency's feed ban rule designed to eliminate the spread of BSE.

According to the Brownfield Network, the researchers argue that FDA fails to fully protect animals and people from BSE or variant Creutzfeldt-Jakob disease (vCJD) since cattle can still be exposed to potentially infected feeds. The fast-food giant suggests stronger steps be taken to reduce the risk of disease exposure.

#### **Merial, BI receive QSA status**

Merial and Boehringer Ingelheim Vetmedica, Inc. (BI), have announced that the Merial Surehealth™ Calf Preconditioning Program recently received USDA Quality System Assessment (QSA) approval for source and age verification.

#### **National Western breaks attendance record**

The 100th National Western Stock Show (NWSS) Rodeo and Horse Show in Denver, Colo., this year has shattered attendance records.

According to NWSS officials, attendance at the 2006 event was 726,972, up 14.75% from the 2005 NWSS and 13.4% more than the 2003 show. In addition, paid performance tickets were up 7.9% from 2005 figures, and ticket revenues increased 9.7%.

The achievement makes the NWSS Denver's largest annual convention.

## **Washington Watch**

### **Bioterrorism act mandates new recordkeeping**

Grain and feed handlers have just a few months to initiate approved recordkeeping processes in order to comply with the Public Health Security

and Bioterrorism Preparedness and Response Act of 2002. Grain elevator operations that receive, hold and ship raw ag commodities, such as corn, soybeans, wheat, alfalfa meal and other crops, are mandated by the Bioterrorism Act of 2002 to register all their facilities — wherever food grains are received, cleaned, stored, blended and processed, and then shipped. This mandate to keep records of

all grain received and shipped through the facilities is required to help prevent acts of contamination either by terrorists or by natural contamination.

Feedmill operations that receive raw ag commodities and manufacture them into animal and pet feed also are required to comply with this law. Even the delivery truck and its drivers have to be recorded.

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According to a press release, the recordkeeping process must be in place by June 2006. After this date, all records must be available to the FDA as soon as possible, and within 24 hours after a request is made if an act of contamination is tracked to a grain-handling operation.

**Industry Events**

**K-State Ag Profitability Conference**

**February-March, Kansas**

Kansas State University (K-State) will

host a series of meetings covering numerous topics that affect a farmer's or rancher's bottom line.

Topics to be covered include the benefits of no-till, driving forces and options for the 2007 Farm Bill, crop insurance, rising fuel costs, ag trends, economies of size, fertilizer economics, grain marketing and market outlook, machinery costs, employee

management, and more.

Detailed conference information, including date, location, contact information and specific topics, can be found at [www.agmanager.info/events](http://www.agmanager.info/events) or at a K-State Research and Extension office.


**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 day-long 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.

A \$100 registration fee (\$60 for TSCRA members) should be submitted by March 15. 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](http://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 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](http://www.animalagriculture.org) or call (270) 782-9798.


**World Meat Congress**

**April 26-29, Brisbane, Australia**

The biennial meat industry conference will focus on the global trends, innovations and issues affecting the world's meat industries. Key themes will focus on the consumer, the community and supply and trade policy.

The 2006 World Meat Congress is conducted by the International Meat Secretariat and will be hosted by Meat & Livestock Australia, the Australian Meat Industry Council and Australian Pork Limited.

For more information visit [www.2006worldmeatcongress.com.au](http://www.2006worldmeatcongress.com.au).



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