

Industry Link

Compiled by

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Cattle numbers up

The latest U.S. cattle inventory report released by the USDA shows restocking is well under way. That's no surprise for most watchers of beef herd trends, but it did shed light on some feeder cattle supplies, according to Derrell Peel of Oklahoma State University.

The report lists that cattle producers have increased the number of cows in the country by about 1 million head. Thus far, all signs indicate continued herd expansion despite recently bumpy markets.

"For the all-U.S. numbers, all cattle and calves were up 2.3%. The beef replacement heifers were up 3.3% after a large increase the year before. So, we're still in herd expansion, more than likely, and that's to be expected, as well," says Peel.

"The number of cattle on feed was just slightly above year-ago levels, which is kind of consistent with other reports we have been getting. And the other thing is the 2016 calf crop was up about 2.3% in this report," he continued.

With more calves, Peel suggested a larger feeder supply is coming, which may pressure the market.

For more information, please view the full episode of *The Angus Report* at www.angus.org/pub/videos.aspx.

Source: The Angus Report.

2016 legislative and regulatory issues

With the 2016 political calendar in full swing, it's bound to be an interesting year for cattlemen with an eye on Washington. An election year can spell a stalemate on many legislative and regulatory issues, but cattle producers can keep an eye on several key policy issues, according to Colin Woodall of the National Cattlemen's Beef Association (NCBA).

"Not only are we electing a president, but we're electing 34 of the 100 U.S. senators and all 435 House members," Woodall said. "One of our top priorities is going to be the Trans-Pacific Partnership (TPP) because the deal was concluded in October of 2015, and here in 2016 Congress has to ratify that deal."

Woodall explains the TPP is important to the cattle industry because it allows the United States more market access into Japan.

"On the regulatory front, we are continuing our effort not only on *Waters of the United States*, but any other rules and regulations that could come out from the EPA," he continued.

For more information, view the full program at www.angus.org/pub/videos.aspx.

Source: The Angus Report.

NFU contests TPP's benefits for U.S. agriculture

The TPP is having a hard time attracting much support on Capitol Hill, so the USDA briefed reporters Feb. 23 about TPP's benefits in hopes of reviving the trade deal. However, one farm organization, representing 200,000 family farmers and ranchers, was quick to point out that USDA's projections of job growth and rural prosperity closely mirror the failed promises of past trade pacts.

National Farmers Union (NFU) President Roger Johnson offered the following statement:

"The year-after-year growth of the U.S. trade deficit is an alarming trend for an already stressed agriculture economy. To broadly categorize agriculture as benefitting from this agreement is not giving due diligence to the serious concerns that are not addressed by TPP.

"While access to global markets is important for American agriculture, a trade agreement that does little to fix currency manipulation, rein in foreign predatory trade practices, or improve the \$531 billion trade imbalance is not the solution.

"In its current form, the TPP stands to hurt our rural economies by pitting American jobs against foreign labor that is paid mere pennies per hour. Beyond the farm gate, any consumer that cares about where their food comes from should be concerned with the TPP.

"This is an issue that affects all Americans alike. I continue to urge Congress to give thoughtful consideration to opposing the TPP."

In January, Johnson testified to the U.S. International Trade Commission about TPP. His testimony can be read at www.nfu.org/wp-content/uploads/2016/01/01-12-15-Testimony-on-TPP-for-USITC.pdf.

Source: NFU.

NCBA urges swift action on TPP

The NCBA sent a letter on behalf of its members and state affiliates urging quick passage of the TPP. NCBA President Tracy Brunner said cattle producers cannot afford to wait any longer for passage of this critical agreement.

"The value exports add to U.S. beef is undeniable," said Brunner. "Asia and the Pacific Rim are extremely valuable markets for U.S. beef. We not only export steaks and ground beef, but this region demands high-quality variety meats like beef tongue. Those products bring a premium in these markets and add value back to producers here at home. Trade is an investment in our future profitability for the next generation."

In 2015, trade added an estimated \$325 per head in value. Japan is the largest export market for U.S. beef,

amounting to \$1.3 billion this past year. Currently, U.S. beef faces a 38.5% tariff in Japan. With the implementation of the Australia-Japan Economic Partnership Agreement, Australian beef has a 10% tariff advantage over U.S. beef.

"Due to the preferential agreement between Australia and Japan, U.S. producers have lost over \$100 million in sales to Japan this past year," said Brunner. "The only way to level the playing field, stop the erosion of our market and rebuild market share is passage of TPP. Once TPP is passed the tariff rate on our beef into Japan will immediately reduce to 27.5% and continue to reduce to 9% over 16 years."

There are around 260 preferential trade agreements in force worldwide, only 14 of which include the United States. The NCBA urges Congress to quickly take up and pass the TPP to ensure a viable future for U.S. beef exports.

Source: NCBA.

TPP will boost farm exports, income

The TPP will tear down trade barriers and help level the playing field for U.S. agricultural exports to 11 nations across the Pacific Rim. Ratifying TPP will boost annual net farm income in the United States by \$4.4 billion, compared to not approving the pact, according to an economic analysis conducted by the American Farm Bureau Federation (AFBF).

"TPP will mean a boatload of expanded exports and increased demand for America's agricultural products," AFBF President Zippy Duvall said. "Clearly, America's farmers and ranchers have much to gain from approval of TPP and we support its ratification. American agriculture is a growth industry, and to continue that trend, we must expand our market opportunities."

Not approving the trade deal would have adverse effects, too.

Duvall added, "Every day we delay means lost markets as other TPP countries implement the deal's advantages with each other. We are already arriving at the party late because, right now, expanded trade due to TPP is going on across the Pacific Rim — just without us."

AFBF's analysis forecasts farm-price increases for corn [5¢ per bushel (bu.)], soybeans (12¢ per bu.), wheat (2¢ per bu.) and rice [16¢ per hundredweight (cwt.)]. While cotton prices are not projected to change, cash receipts are projected to increase by \$21 million.

AFBF also predicts price increases for beef (\$2.66 per cwt.), pork (\$2.45 per cwt.) and poultry (\$1.40 per cwt.). In the dairy sector, prices will increase for butter (\$2.81 per cwt.), cheese (\$1.68

per cwt.), nonfat dry milk (\$1.29 per cwt.) and all milk (21¢ per cwt.).

Net trade is expected to increase for rice, cotton, beef, pork, poultry, butter, cheese, soybeans and products and non-fat dry milk, according to AFBF's analysis.

While the analysis projects that the net trade for corn will decline by 45.3 million bu., overall demand and use for corn is forecast to increase by 54.2 million bu. Corn revenues are expected to rise by \$680 million per year and prices are projected to rise by 5¢ per bu., due to higher domestic feed use from additional beef and pork exports created by TPP.

The agreement has been approved by negotiators from the 12 TPP nations. The U.S. International Trade Commission is preparing an official analysis for the administration, which will formally ask Congress to ratify the deal.

The full analysis is posted at www.fb.org/issues/tpp/pdf/TPP_Full_Report.pdf. State fact sheets are posted at www.fb.org/issues/tpp/.

Source: AFBF.

COOL repeal rulemaking now under review

The regulatory rulemaking for the removal of country-of-origin labeling (COOL) requirements for beef and pork muscle cuts, ground beef and ground pork has been logged at the Office of Management and Budget (OMB) for review. In December, Congress approved a fiscal 2016 catch-all federal spending bill that included repeal of the meat-labeling provision of the COOL law, avoiding trade retaliation from Canada and Mexico. OMB must review all regulations before they are implemented.

The COOL statute required meat to be labeled with the country where the animal from which it was derived was born, raised and harvested (It also applies to fish, shellfish, fresh and frozen fruits and vegetables and certain nuts.). Canada and Mexico brought cases against COOL to the World Trade Organization (WTO), which ruled that it violated U.S. international trade obligations, discriminating against Canadian and Mexican livestock sent to the United States to be fed out and processed. The decision authorized Canada and Mexico to put retaliatory tariffs on U.S. goods going to those countries — the No. 1 and No. 2 U.S. export markets. In December, the WTO set the retaliation level at more than \$1 billion annually. Repeal of the labeling provision for pork and beef came the day — Dec. 18 — those tariffs could have been applied to a host of U.S. exports going to Canada and Mexico.

Source: National Pork Producers Council.

(Continued on page 76)

Industry Link *(from page 74)***House Agriculture Appropriations subcommittee to hold budget hearings**

The House Committee on Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies hosted a number of fiscal 2017

budget hearings in late February. The new fiscal year begins Oct. 1, 2016. The subcommittee reviewed the budget of the USDA, with hearings on the Food and Nutrition Service, the Food Safety and Inspection Service, the U.S. Food and Drug Administration and the USDA's natural resources and the environment programs.

Source: National Pork Producers Council.

Checkoff partners to launch new beef items

Krystal®, one of the country's first hamburger chains established in the South, is re-inventing tradition with a brand new menu of country-fried items, available for a limited time. The core of the line is the Country-Fried Steak Krystal, an item that came about as a result of a partnership with the beef checkoff. The

Country-Fried Steak Krystal and other menu items debuted Monday, Feb. 22.

"Once we came up with the Country-Fried Steak Krystal, the ideas just kept coming," said Alice Crowder, vice president of marketing for Krystal. "The deep Southern heritage and history of the Krystal brand lends itself perfectly to hearty, country-fried tastes, and so we've developed a whole menu around the concept."

Available at participating locations through April 24 (or while supplies last) the country-fried menu provides an innovative twist on Krystal classics. The Country-Fried Steak Krystal is a tender all-beef steak coated in a special blend of country spices, cooked to a delicious golden brown, topped with country gravy and served on a soft steamy Krystal bun. The Krystal Chik patty is topped with country gravy to create the Country Chik. During breakfast hours, the option of a biscuit will be available instead of a bun.

All the featured items, especially the Country-Fried Steak offerings, are generating a lot of excitement. The checkoff's Beef Innovations Group (BIG) worked side-by-side with Krystal to develop this new signature taste.

"Krystal and the checkoff have an established relationship of culinary creativity and cooperation," said Steve Wald, executive director of innovation and culinary initiatives for the beef checkoff.

For more information about your beef checkoff investment, visit <http://MyBeefCheckoff.com>.

Source: Cattlemen's Beef Board.

House approves amendment to reinstate gray wolf delisting in Wyoming and the Great Lakes Region

The House passed an amendment Feb. 26 to the *Sportsmen's Heritage and Recreational Enhancement (SHARE)* Act that would reinstate the U.S. Fish and Wildlife Service's (FWS's) 2011 delisting of the gray wolf from the Endangered Species Act in Wyoming and the Great Lakes region. Due to litigation by radical environmental groups, FWS's original delisting was overturned in the Federal Court on technicalities. Public Lands Council President Brenda Richards said the bipartisan amendment restores the decision to delist and return the wolf to state management of the species.

"The original Great Lakes and Wyoming delisting was supported by healthy populations and successful state management — conditions that exist for wolves throughout the country," she said. "While we are grateful that Congress is acting to remove this population segment from the ESA, we hope this leads to a broader effort to delist gray wolves nationwide. The time is right, and this is a great opportunity to show that the *Endangered Species Act* can actually function the way it was intended."

Source: NCBA.