

Industry Link

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NCBA submits comments to organic marketing proposed rule

On July 13, the National Cattlemen's Beef Association (NCBA) submitted comments on the USDA Agriculture Marketing Service (AMS) National Organic Program; Organic Livestock and Poultry Practices proposed rule. NCBA President Tracy Brunner said that voluntary agency marketing programs are not the place to codify animal production practices.

"Organic programs are marketing programs and therefore not the place to prescribe animal-welfare practices," said Brunner. "America's cattle producers are the best stewards of their herds, and they take pride in the welfare of their animals. That is why, over the past 30 years, cattlemen and women have worked to develop and improve animal care and handling standards through the Beef Quality Assurance (BQA) program. Rather than set rigid political standards in statute, the Beef Quality Assurance program is driven by experts in animal care, using industry-accepted and peer-

reviewed science to set the program guidelines. Instead of attempting to address continuously changing animal care and handling practices in this rule, we recommend the USDA suggest that organic producers become BQA certified."

While the BQA program is recognized as the gold standard in cattle care and handling, there is concern that setting welfare standards through the National Organic Program proposed rule will mislead consumers and support standards that do not have a basis in science.

"We know the Beef Quality Assurance program sets the highest standard for animal welfare, and that standard is continuously reviewed and updated as new science becomes available," said Brunner. "Efforts by the USDA to set a secondary animal-welfare standard for organic will inevitably mislead consumers into thinking that such arbitrary standards are handled in a manner different than conventionally produced beef. The cattle industry supports voluntary marketing programs like the organic program, and we have producers who participate in these programs, but consumers need to clearly understand regardless of what product

they choose to buy, the commitment to safety, quality and animal welfare remains the same."

NCBA is encouraging the USDA AMS to withdraw the current proposed rule and work with all producers to draft a rule that gives consumers choice and producers marketing opportunities that do not disparage conventional products.

Source: NCBA.

NFU says 'no' to Bayer/Monsanto merger

In May, German pharmaceutical company Bayer AG offered to buy Missouri-based ag industry giant Monsanto Co. for \$62 billion. Monsanto has since rejected the offer, stating that it is open to discussion with Bayer in the future. National Farmers Union (NFU) President Roger Johnson expressed his distaste for the merger by issuing a statement on July 14 urging biotechnology king Monsanto to stand its ground.

Said Johnson, "National Farmers Union is troubled by the latest news of a proposed Bayer AG buyout of Monsanto Co., perpetuating a disturbing trend of further consolidation in the agricultural input sector. We have continuously expressed our concern about the outcomes of further industry consolidation. Family farmers, ranchers and consumers are the ones that lose out when we cripple competition, increase prices and reduce innovation through industry megadeals.

"Given the proposed merger between Dow and DuPont and the pending acquisition of Syngenta AG by China's National Chemical Corp., we ask that the Department of Justice reject any pending and future deals, including a Bayer/Monsanto deal, that would cripple marketplace competition in an already heavily concentrated agriculture sector," he concluded.

An article by the Associated Press on www.fortune.com states that Bayer says farmers will have access to a broader range of seed and pesticide products that "work better together." Liam Codon, head of Bayer's crop science division, said, "At the end of the day, what we are trying to do is increase farmers' yields."

There is concern among the farming community that the merger would give the combined company the leverage to hike prices.

The article cites analyst Ulrich Huwald at Warburg Research stating that the combined company would control 28% of the world's market for pesticides and would have a "strong presence" in the U.S. market for corn and soybean seeds.

The two companies are reportedly still holding discussions, and Bayer is rumored to have increased its offer to \$64 billion on July 18.

Source: Adapted from releases by NFU and Fortune.

Cargill to sell Texas cattle feedyards to Friona Industries

On July 8, Cargill announced the sale of its beef cattle feedyards at Bovina and Dalhart, Texas, to Amarillo-based Friona Industries L.P. Terms of the pending sale are not being disclosed. Finalization of the transaction will take place upon the completion of definitive agreements and any required regulatory reviews. Cargill will retain its cattle feedyards at Yuma, Colo., and Leoti, Kan.

"Selling our feedyards in the Texas Panhandle allows us to redeploy many tens of millions of dollars annually into investments that will help us grow our protein business — money that otherwise would have been tied up as working capital used to purchase and feed cattle," said John Keating, president of Cargill's Wichita-based beef business. "This decision makes sense, particularly because we have a terrific and longstanding business relationship with Friona Industries, which already supplies Cargill with excellent cattle from their four feedyards. The Texas feedyards we are selling will continue to supply cattle to our beef-processing plants while also enhancing Friona Industries' feedyard portfolio."

Sale of Cargill's Texas cattle feedyards aligns with the company's evolving protein business strategy, which emphasizes growth fueled by being the supplier of choice for customers and by providing them with superior products and services.

"We are investing to better serve and delight our current and future customers," stated Keating. "Anticipating the future direction protein demand is headed, we believe it is wise to redeploy capital away from feedyard and cattle ownership to projects that enhance our capabilities and provide greater value to our customers and consumers, now and in the future."

During the past 12 months, Cargill has announced approximately \$500 million in acquisitions and capital investments to grow its North American protein business. Investments include purchase of a beef-processing plant in South Carolina and a custom cooked-meats, soups and sauces business with plants in Texas and Tennessee; conversion of a Nebraska ground-beef plant to a specialized cooked-meats plant; a new beef distribution center at the company's Dodge City, Kan., beef-processing facility; and an expansion of egg-processing capabilities at a Michigan plant.

"These are concrete examples of our ongoing commitment to grow our protein business," said Keating. "We have a lot of positive momentum and are confident it will continue to build going forward as we continue to help our customers' businesses thrive."

The approximately 90 people who currently work at Cargill's Bovina and Dalhart feedyards will be offered positions with Friona Industries.

Source: Cargill.

U.S. ag exports expected to decline

Global macroeconomic developments will drive a downturn in U.S. agricultural exports, reads a report released by the USDA Economic Research Service (ERS).

The macroeconomic outlook underlying the 2016 USDA 10-year agricultural projections indicates slower global income growth, particularly in developing countries, and a stronger dollar. This shift in the macroeconomic environment relative to the past decade implies smaller projected increases in agricultural trade and declines in U.S. market share relative to previous projections.

Global demand for agricultural exports is tied closely to rising incomes in developing-country markets, and the United States' share of this trade is sensitive to the value of the dollar relative to the currencies of U.S. export markets and competitors. U.S. exports of bulk commodities are particularly sensitive to the strength of the dollar, while consumer-oriented goods, which account for a large and growing share of U.S. agricultural exports, appear to be less sensitive.

The macroeconomic outlook underlying the 2016 USDA agricultural projections calls for substantially slower global income growth and stronger dollar appreciation against the currencies of major U.S. agricultural markets and competitors than the 2015 USDA projections. Model simulations with these changed macroeconomic conditions demonstrate significant reductions in both the price and volume of projected U.S. exports.

The largest price and volume impacts are on crops, with relatively smaller impacts on meats. Almost across the board, reductions to projected U.S. exports exceed corresponding reductions in world trade, implying declines in the United States' market share.

The stronger dollar is a key factor in the projected U.S. export declines. A scenario that extends the period of dollar strengthening beyond that assumed in the 2016 USDA projections suggests further potential reductions in U.S. exports of major commodities, particularly corn and wheat.

View the full report at <http://www.ers.usda.gov/media/2112965/aes-94.pdf>.

Source: USDA ERS.

Three military bases, ranges added to Sentinel Landscape Partnership

On July 12, the U.S. Departments of Defense (DoD), Agriculture and the Interior announced the addition of three military bases to the Sentinel Landscape Partnership, a conservation

effort begun in 2013 to improve military readiness, protect at-risk and endangered species, enhance critical wildlife habitat, and restore working agricultural and natural lands in the Southeast and Midwest.

Robert Bonnie, USDA undersecretary for Natural Resources and Environment; Michael Bean, principal deputy assistant secretary for Fish and Wildlife and Parks at

Interior; and Pete Potochney, performing the duties of assistant secretary of defense for Energy, Installations and Environment, announced the designation of Avon Park Air Force Range, Fla.; Camp Ripley, Minn.; and training grounds in eastern North Carolina as Sentinel Landscapes.

Sentinel Landscapes are working or natural lands important to the

nation's defense mission — places where preserving the working and rural character of key landscapes strengthens the economies of farms, ranches and forests; conserves habitat and natural resources; and protects vital test and training missions conducted on those military installations that anchor such landscapes.

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“The Sentinel Landscapes Partnership works because it meets multiple objectives for each of the different participants. This collaboration achieves shared goals and extends our relationship with dozens of organizations at the local and state level,” Bonnie said. “By using USDA’s conservation programs to protect viable farmland, rangeland, forestland and grasslands from development around these military bases and training sites, we ensure that our military has flexible locations for training while at the same time protecting water resources and prime wildlife habitat on working lands.”

“The Sentinel Landscapes Partnership is an important conservation tool benefiting some of the nation’s most significant working landscapes and wildlife habitat,” said Bean. “The designation is proof that we can preserve military readiness while also protecting important landscapes and wildlife habitat.”

“What makes this announcement so significant is the benefit these partnerships provide to our national security,” said Potochney. “Not only does the collaboration around Avon Park, Camp Ripley, and throughout eastern North Carolina ensure the continued availability of critical military installations and ranges, but this partnership also preserves working lands that provide food and fiber to our nation, and sustains key natural resources that help to ensure water quality and provide climate-change resilience. The Sentinel Landscapes Partnership is an innovative initiative that protects critical DoD missions through efficient government and private-sector collaboration. This is a true win for warfighters and taxpayers.”

Within the Avon Park Air Force Range Sentinel Landscape in central Florida, 26 federal, state and local partners have committed more than \$8 million to protect or enhance nearly 2,000 acres of working agricultural and natural lands. Avon Park Air Force Range is the U.S. Air Force’s primary training range east of the Mississippi River. A biodiversity “hot spot” and home to the Everglades Headwaters National Wildlife Refuge, Avon Park and its surrounding area is also part of a strong agricultural region where cattle ranches, citrus farms, crop farms and working forests thrive.

Camp Ripley, located at the headwaters of the Mississippi River in central Minnesota, is the primary National Guard training center for seven states. Sixteen federal, state and local partners have committed more than \$5 million within the Camp Ripley Sentinel Landscape to protect or enhance nearly 35,000 acres of working agricultural and natural lands. Protecting these acres will safeguard Camp Ripley’s training mission, the integrity of the region’s natural

resources and its water supply, as well as increase access to hunting, fishing and recreation for local residents.

Military-related activity is the second-largest economic driver, behind agriculture, in eastern North Carolina, a region that is home to significant wildlife habitat and 29 federally listed threatened or endangered species.

The eastern North Carolina Sentinel Landscapes has 20 federal, state and local partners that have committed nearly \$11 million to protect or enhance nearly 43,000 acres.

The new Sentinel Landscapes join three previously designated bases, including Fort Huachuca in Arizona, Joint Base Lewis-McChord in Washington and

NAS Patuxent River-Atlantic Test Ranges in Maryland. For more information on the Sentinel Landscapes Partnership, including project-specific fact sheets, visit www.sentinellandscapes.org.

Source: USDA NRCS.

Industry groups react to GMO labeling vote

On July 14, the National Council of Farmer Cooperatives (NCFC) issued a statement in response to the House's recent vote on the labeling of foods containing genetically modified organisms (GMOs).

"[This] House vote — along with [the

previous] White House announcement that President Obama intends to sign the bill — is a tremendous victory for American farmers, co-ops and consumers. ... It will give grocery shoppers access to more information than ever before about how the food that they purchase was produced, and it will provide producers and their co-ops

with certainty as they make marketing decisions for the current crop and as they look forward to making planting decisions for next year's."

Earlier, many industry leaders gave their thoughts on the ruling when it first appeared on the radar back in June.

On June 23, House Agriculture Committee Ranking Member Collin

Peterson spoke after Senate Agriculture Committee leaders announced an agreement.

"[This] announcement brings us closer to providing clear labeling guidelines for genetically engineered crops. A patchwork of labeling laws across state lines is simply not workable, and I am committed to finding a solution that balances the consumer desire for information with the scientific evidence of the safety of these crops. I will be closely reviewing this bill and listening to stakeholder input as this process moves forward."

NFU President Roger Johnson responded to the announcement saying he is "pleased to learn that Senate Agriculture Committee Chairman Roberts and Ranking Member Stabenow have reached an agreement on the national biotech labeling debate. Both producers and consumers have sought a solution to this issue, and I applaud this bipartisan effort as an important step in the process."

House Agriculture Committee Chairman Michael Conaway stated, "It is important to note that nearly one year ago, 275 House members voted on a bill to establish a voluntary nationwide program that would give consumers access to information about their food, protect advancements in food production and innovation, and end the patchwork of state laws threatening interstate commerce. Unfortunately, due to Senator Stabenow dragging this process out for months, Congress will not be able to act before Vermont's mandatory labeling law goes into effect on July 1. Although the House acted in a timely manner, I have just received the text of the agreement and will need time to review the language and the varied impacts, be they positive or negative, before stating my support or opposition."

American Farm Bureau Federation (AFBF) President Zippy Duvall openly opposed the proposed regulations.

"There are no — and never have been any — documented health risks from genetically engineered food in the marketplace. The American Farm Bureau Federation continues to oppose mandatory food labels that are not necessary for health or safety reasons. We also oppose a patchwork of state-by-state labeling rules. We are reviewing this legislative proposal, and over the next few days will determine how it fits with our policy. We will also assess its impact on farmers' abilities to use modern agricultural technology to produce more, high-quality food."

Sources: House Committee on Agriculture, NFU, NCFC and AFBF.