

Git 'er Done

Cattlemen discuss ethanol, farm bill policy, trade and animal ID at 2007 Cattle Industry Annual Convention and Trade Show.

Cattlemen joined in Nashville, Tenn., Jan. 31-Feb. 3 for the 2007 Cattle Industry Annual Convention and Trade Show. More than 6,500 producers attended the event at the Gaylord Opryland® Resort & Convention Center.

With the theme "Git 'er Done," Mike John, 2006 National Cattlemen's Beef Association (NCBA) president, encouraged participants to take what they learned from the four-day convention and utilize it on their farms and ranches. "Go home and take ownership in what you learn," he says. "Talk to your neighbors and friends."

The NCBA, Cattlemen's Beef Board, American National CattleWomen, National Cattlemen's Foundation and Cattle-Fax hosted the convention.

Throughout the week discussion in the halls and meetings focused on ethanol and renewable energy, due to the surging demand for ethanol and its effect on grain prices. Rapidly increasing prices for corn and other feedgrains has raised operating costs for cattle feeders during the past six months, which in turn has contributed to lower calf and feeder cattle prices.

Freiberg challenges producers to be gutsy leaders

The opening general session on Feb. 1 included a state of the industry report and keynote speaker Kevin Freiberg.

"What are you learning today that would add value to the people you are serving tomorrow?" Freiberg asked attendees. He encouraged producers to be insanely great and to embrace the spirit of life-long learning.

Freiberg quoted author Eric Hoffer saying, "In a time of drastic change, it is the *learners* who inherit the future. The *learned* find themselves equipped to live in a world that no longer exists."

He challenged attendees to become activists for the industry. "Be fanatical, evangelist, activist," he says. "Dare to be radically different, and find out what makes you unforgettable."

Freiberg shared stories of successful companies like Southwest Airlines and Planet Honda and how they differentiate themselves. The common ingredients for both businesses' successes are customer service and having fun.

People like to do business with fun people because it fosters vulnerability and authenticity, stimulates creativity and innovation, lowers attrition and absenteeism, and it's healthy, Freiberg says.

Johanns addresses cattlemen

U.S. Agriculture Secretary Mike Johanns gave the keynote address Feb. 2. Johanns outlined the U.S. Department of Agriculture's (USDA's) 2007 Farm Bill proposals, which were released earlier that week.

His presentation focused on several proposals of particular interest to cattlemen, including programs to assist beginning farmers and ranchers, funding dedicated to enhancing exports and reducing trade barriers, and increased funding for conservation programs.

Turning to trade issues, Johanns says his patience has run out with South Korea's continued blocking of U.S. beef shipments, despite the fact that the market is ostensibly open to American beef.

"Korea's (September 2006) announcement about accepting U.S. beef was all about words, not actions," Johanns says. "But I'm not giving up. I'll continue pressing this issue through all channels available and at my disposal."

Johanns says he understands the frustration cattlemen feel as a result of trade disputes. But he encouraged support for USDA's proposed rule to expand the

range of cattle and beef imports from Canada.

"I appreciate that there is a big debate here about this proposal, and there should be," he says. "But I always say there's a 'golden rule' of trade. We need to treat others the way we expect to be treated."

Johanns emphasized that trading partners must also show a stronger commitment to trade in good faith. USDA hopes to advance that cause by petitioning the International Organization for Animal Health (OIE) for a BSE-risk classification that will help restore beef export markets. "We are prepared to live by international guidelines," he says. "We are prepared to 'walk the walk.'"

Johanns says trade barriers are not only unfair and frustrating, but they also limit choices for overseas consumers.

"You know, we heard all these (negative) reports about what Japanese consumers would do with U.S. beef," Johanns says. "You know what they did? They stood in line for it."

In closing Johanns praised NCBA for its leadership on animal identification issues. He encouraged voluntary participation in the livestock premises registration effort.

"I think it's the wrong approach to say, 'it's the Washington way or the highway,'" he says. "Help us make a voluntary identification system a reality — a meaningful reality."

Queen elected president

North Carolina cattleman John Queen was elected to serve as NCBA president in 2007. He is the owner of John Queen Farms, a third-generation cattle farm founded in 1917 near Waynesville.

Queen says one of his primary goals is to continue NCBA's momentum in terms of membership growth. NCBA membership grew by more than 8% in 2006, surpassing 28,000 members nationwide.

Members adopt policies

The policy brought forward by the NCBA Agriculture Policy Committee was approved in large part by NCBA members, with modest modifications in the policy resolution language.



The resolution voiced support for the nation's commitment to reduced dependence on foreign energy, including efforts to develop renewable energy. But cattlemen called for transition to a market-based approach to renewable energy production, which would help level the playing field for cattle producers and other feedgrain users.

The resolution supports the "sunsetting" of fuel-blending tax credits and tariffs on imported ethanol, as these policies were primarily designed to boost the initial development of renewable fuel production and technology. With alternative fuel production now growing at an astounding pace, cattlemen do not consider it appropriate for Congress to renew these mechanisms in their present form when they expire near the end of the decade. The 54-cent-per-gallon tariff on imported ethanol is set to expire in 2009, while the 51-cent-per-gallon fuel-blending tax credit expires in 2010. NCBA members also called for greater policy emphasis to be placed on development of cellulosic fuels. Production of these

fuel types does not rely on feedgrains and could have much less effect on grain prices.

NCBA members also approved policy with regard to live cattle trade with Canada. Currently cattle and beef imports from Canada are limited to cattle 30 months of age or younger. A pending USDA proposal would allow beef from Canadian cattle of any age, and live cattle up to eight years of age.

Cattlemen did not reject the USDA proposal, but adopted a policy voicing concerns about its possible effect. The policy resolution approved by NCBA members demands permanent identification of all live cattle imported from Canada through harvest and calls for USDA to develop an orderly market transition plan before expanding the scope of cattle and beef imports from Canada.

Cloning was also a topic of discussion at the convention, primarily because of the draft risk assessment announced by the Food and Drug Administration (FDA) in December.

Cattlemen adopted a policy supporting the further development of cloning as one of many

reproductive technologies that can be used to enhance the beef industry. But they also urged all technology companies and owners of cloned animals to voluntarily keep these animals and their offspring out of the food supply until FDA makes a final decision on its risk assessment.

NCBA members also proceeded with caution with regard to changes in the Beef Checkoff Program. An industry-wide task force recently advanced a slate of recommendations for enhancing the checkoff, including an increase in the \$1-per-head checkoff rate (contingent on a producer referendum). The policy resolution seeks greater input and discussion on these task force recommendations, before giving them renewed consideration at next year's convention.

All policies adopted are subject to approval by approximately 28,000 NCBA members. Convention results become official only after the ballot process is completed.

For more highlights visit Angus Productions Inc.'s online coverage site, www.4cattlemen.com. **HW**

Cattle-Fax: Favorable weather, strong corn crop critical in 2007

Weather, corn prices and surging demand for ethanol dominated the discussion at the annual Cattle-Fax Outlook Seminar on Feb. 1.

Cattle-Fax Executive Vice President Randy Blach says while 2007 is likely to bring a downturn in profitability for most cattle industry sectors, cattlemen should keep this news in perspective.

"In the past several years, we've had one of the greatest runs of profitability in recent history," Blach says.

Blach expects most segments of the cattle industry to remain profitable in 2007, but clearly not at the same levels enjoyed in recent years.

"Profitability within the cattle industry will be more marginal," he says.

Much of the dampened outlook for 2007 rests with sharply higher corn prices, driven in large part by skyrocketing production of ethanol. Mike Murphy, Cattle-Fax analyst, says demand for corn has increased 50% in the past 15 years, with ethanol production responsible for most of the recent momentum. Murphy says the projected U.S. corn crop for 2007 is 12 billion bushels, and every last bushel will be needed. He warned that drought in the Corn Belt in 2007 could have particularly drastic consequences, because even a strong corn crop will be hard-pressed to meet current demand. He noted the strong demand for corn extends well beyond U.S. borders.

Murphy expects corn prices to be volatile, with moderation possible only if summer growing conditions are favorable. But he cautioned that the grain market is now well-established in a higher trading range, and cattlemen shouldn't expect or plan on significant price relief.

Cattle-Fax Senior Market Analyst Kevin Good reported that 2006 was the third straight year of U.S. herd expansion, but explained this expansion occurred at a very mild level and was held back by drought and soaring feed prices. These conditions contributed to a higher level of cow slaughter, as well as increased heifer placements in feedlots.

Good also noted that carcass weights increased an average of 12 lb. in 2006 — about double the 25-year average. This has resulted in a plentiful beef supply, even though beef demand has remained fairly robust.

Blach says despite higher costs, the cattle feeding industry won't undergo wholesale changes. But all sectors need to adjust to changing market conditions in order to identify and capitalize on profit opportunities — opportunities that still exist for cattlemen, even though they may be more difficult to realize.

"Change is constant," Blach says. "Only those who accept change will adapt and prosper." **HW**