



Beef Business

► A look at current issues affecting the cattle industry. Compiled by Kasey Brown

U.S. cattle on feed down 2%

Cattle and calves on feed for slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 9.8 million head on Aug. 1, 2014. The inventory was 2% below Aug. 1, 2013.

Placements in feedlots during July totaled 1.56 million, 7% below 2013. Net placements were 1.50 million head. During July, placements of cattle and calves weighing less than 600 pounds (lb.) were 425,000; 600-699 lb. were 260,000; 700-799 lb. were 355,000; and 800 lb. and greater were 520,000. For the month of July, placements are the lowest since the series began in 1996.

Marketings of fed cattle during July totaled 1.79 million, 9% below 2013. July marketings are the lowest since the series began in 1996.

Other disappearance totaled 63,000 during July, 2% below 2013.

Source: National Agricultural Statistics Service.

House Subcommittee examines Forest Service's plan to manage groundwater

Rep. Glenn "G.T." Thompson (R-PA-5), chairman of the House Agriculture Committee's Subcommittee on Conservation, Energy and Forestry, hosted a public hearing to review the U.S. Forest Service's (USFS) proposed groundwater directive. The USFS has developed a proposal to manage groundwater resources on National Forest System land. This proposal manages groundwater uses; establishes new processes and procedures for special use authorizations that involve access to and withdrawal of groundwater resources; and addresses components of numerous federal initiatives involving water, the Forest Service's emphasis as a water agency, and the USDA Secretary's vision for water management in the National Forest System.

Members of the subcommittee heard from the chief of the USFS, who explained more about the policy and potential outcomes. Other witnesses included stakeholders from state organizations and the agricultural community who discussed

Table 1: Number of cattle on feed, placements, marketings and other disappearance in 1,000+-capacity feedlots — United States: Aug. 1, 2013 and 2014

Item	Number		Percent of previous year
	2013	2014	
	1,000 head		
On feed July 1	10,375	10,127	98
Placed on feed during July	1,684	1,560	93
Fed cattle marketed during July	1,970	1,787	91
Other disappearance during July	64	63	98
On feed Aug. 1	10,025	9,837	98

Source: National Agricultural Statistics Service.

their perspectives and concerns about the proposal.

"The topic of water and forest management is critically important for all Americans — especially so for our farmers, ranchers and rural communities who live off the land. I am gravely concerned that this directive would create more problems than it proclaims to solve, and will further undermine the ability of the Forest Service to carry out its management responsibilities. Furthermore, I and many others question the agency's legal authority to regulate groundwater in the manner proposed in the directive. I strongly believe that this action is a direct infringement of the states' authority. I look forward to working with Chief Tidwell and the Forest Service to ensure that the concerns of states, private landowners, and users of the National Forest System, including timber producers, are addressed," said Thompson.

The National Forest System encompasses 193 million acres of federal land — much of which is located in the headwaters and recharge areas of the nation's streams and aquifers and, as a result, provides sources of drinking water for 66 million people in 33 states and Puerto Rico. The Forest Service issued the proposal in May with public comment open until Oct. 3.

Source: House Committee on Agriculture.

Farm Bureau urges Congress to bring common sense to Endangered Species Act

Cost-benefit analyses from regulatory

agencies that enforce the Endangered Species Act (ESA) is a must, according to the Arkansas Farm Bureau and the American Farm Bureau Federation (AFBF). Since current rules account only for government expenditures, Arkansas Farm Bureau President Randy Veach said the often oppressive cost of ESA enforcement on the private sector gets ignored.

"If over zealous enforcement of federal laws, such as the ESA, were to hinder, disrupt or further burden our farmers and ranchers, we will not be able to sustainably raise the crops and livestock necessary to feed the 7 billion people currently on our planet, much less the 9 billion projected by 2050," Veach said.

Veach spoke before the House Committee on Natural Resources in support of the Common Sense in Species Protection Act of 2014 (H.R. 4319). The bill would require federal agencies to show full economic justification before placing any land under the protection of a critical habitat designation, which often severely restricts farming and ranching in the affected area.

In Arkansas, the proposed critical habitat for Neosho Mucket and Rabbitsfoot mussels would cover nearly 42% of the state's watershed and approximately 770 waterway miles. Ninety percent of those waterways pass through private land. Veach called this regulatory overreach "irresponsible."

Veach is not alone in calling for more accurate accounting in ESA enforcement. The University of Arkansas at Little Rock recently estimated the cost of the habitat designation



in Arkansas alone was five times that calculated by U.S. Fish and Wildlife Service for the 12 states included in the designation of these two aquatic species. Many Arkansas farmers already operate under some of the most significant regulatory constraints in the country. All are proud, committed stewards of the land, Veach said.

Source: AFBF.

Missouri cattleman testifies on the changing face of small businesses

Small businesses are the lifeblood of rural America, but for those in the cattle industry, governing statutes and regulations have not evolved alongside the changing business models. National Cattlemen's Beef Association (NCBA) witness Ken Keesaman addressed these concerns at the House Committee on Small Business Subcommittee on Agriculture, Energy and Trade hearing.

"The evolution of today's livestock industry has shifted, and in order for family businesses to survive, we have expanded and diversified our operations," said Keesaman, owner of KK Farms in Missouri. "In terms of agriculture, today's small business has changed and it is appropriate for the size standards applied by the Small Business Administration to more accurately represent today's small operations."

For small family businesses like KK Farms, diversifying is essential to mitigating risk. KK farms started out in the cattle business in the 1870s and has since grown to incorporate 1,500 acres where they raise 300 head of registered-Angus cattle, a few hogs, and farm corn, soybeans and hay. The family has further diversified their operation by adding a vineyard and winery, a microbrewery, and has plans to add a restaurant and event center — all in an effort to spread their risk.

"When you evaluate the success of America's cattle farmers and ranchers, we have developed a successful business model not only domestically, but also globally," said Keesaman, who is also a member of the Missouri Cattlemen's Association. "In terms of production, the United States has only 7% of the world's cattle supply, but we are able to produce 20% of the world's beef."

Agriculture is the only industry burdened with a statute that mandates size. While the face of the small business has changed, smaller operations still play a significant role in the beef cattle industry. According to USDA, the average domestic cow herd size is 40 head.

"As industries adapt to the changing marketplace, it is important for the government to modify the governing statutes and regulations to better reflect the changes in the business climate."

Source: NCBA.

"In terms of production, the United States has only 7% of the world's cattle supply, but we are able to produce 20% of the world's beef. We have found ways to utilize more of our natural resources and the latest science to be more efficient than our international competition."

— Ken Keesaman

White House Rural Council announces \$10 billion private investment fund to finance job-creating infrastructure projects in rural America

The White House Rural Council announced the creation of the new U.S. Rural Infrastructure Opportunity Fund through which private entities can invest in job-creating rural infrastructure projects across the country. An initial \$10 billion has been committed to the fund with greater investment expected to follow. Target investments will include hospitals, schools and other educational facilities, rural water and wastewater systems, energy projects, broadband expansion, local and regional food systems, and other rural infrastructure.

CoBank, a national cooperative bank serving rural America and a member of the Farm Credit System, is the fund's anchor investor, committing \$10 billion to get the fund off the ground. Capitol Peak Asset Management will manage the new fund and work to recruit more investors to add to CoBank's initial commitment. The USDA and other federal agencies will help to identify rural projects that could be potential beneficiaries of financing through this new fund and other private sources.

The creation of the new fund was announced during the first White House Rural Opportunity Investment Conference in Washington, D.C. The conference brought together business and financial community leaders, administration and other government officials, rural development experts, and others to promote investment opportunities in America's rural communities.

"This fund represents a new approach to our support for job-creating projects across the country," said Tom Vilsack, agriculture secretary and chair of the White House Rural Council. "USDA and other agencies invest

in infrastructure through a variety of federal initiatives, but our resources are finite and there are backlogs of projects in many parts of the economy. We know where investment opportunities exist, so we are in a position to help promote these projects among investors. With new efforts like this, we can move beyond existing programs and help encourage substantial private investment in projects that grow the economy and improve quality of life for millions of Americans."

The Rural Infrastructure Opportunity Fund will allow America's rural economy to continue its forward momentum by enhancing access to capital for rural infrastructure projects and speeding up the process of rural infrastructure improvements. The fund is immediately open for business, and more investors can now add to the initial \$10 billion in available capital.

The fund will allow a wide variety of new participants, including pension funds, endowments, foundations and other institutional investors that have not traditionally had access to these markets to invest in rural development. In some cases, projects may be funded entirely through private-sector dollars. In others, private dollars may be leveraged with and extend critical government loan and grant programs.

The new Rural Infrastructure Opportunity Fund and the White House Rural Council's Rural Opportunity Investment Conference are part of the Obama administration's ongoing efforts to spark additional private investment in rural communities through private sector sources or through public private partnerships like the new fund. For example, USDA announced the \$150 million Rural Business Investment Co. earlier this year, which allows the USDA to help facilitate private equity investments in innovative agriculture-related businesses. Vilsack said more investment vehicles such as this are in the pipeline, and other efforts to continue promoting private investment in rural areas will be announced later this year.

"Meeting the world's needs for food and farm products, as well as the growing demand in areas like renewable energy, local food, and the bioeconomy will require continued investment in rural places," Vilsack said. "Many major investors in urban centers aren't always aware of the significant investment opportunities in rural communities. If the White House Rural Council can help facilitate even a small portion of the enormous amount of available investment capital into rural places, we can grow key industries and create jobs in rural and urban areas from coast to coast."

Source: USDA Office of Communications.

