

Range Beef Cow Symposium XX

Dec. 11-13, 2007 • Larimer County Fairgrounds and Events Complex, Fort Collins, Colo.

Four C's to Watch in the 2007 Farm Bill

Policies on country-of-origin labeling, competition, conservation and commodities are among the issues that will affect the beef industry.

by **Kindra Gordon**

FORT COLLINS, Colo. (Dec. 12, 2007)—University of Nebraska-Lincoln ag economist Brad Lubben offered a straight-shooting analysis of the issues cattlemen need to be cognizant of in the proposed 2007 Farm Bill during his opening remarks to Range Beef Cow Symposium XX attendees Dec. 11. Lubben replaced Colorado Democratic Senator Ken Salazar on the speaker list for the conference, as Salazar is still in Washington, D.C., with Congress in session.

Lubben focused his remarks on how the beef industry may be affected by pending Farm Bill legislation. He acknowledged that this Farm Bill will be unique due to present drivers such as record net farm income nationally, a tight federal budget, trade issues and continual changes in the political arena.

That said, Lubben identified four C's worth focusing on for cattlemen — country-of-origin labeling (often referred to as COL or COOL), competition, conservation and commodities. He shared these remarks on those four issues:

Country-of-origin labeling. "COOL is coming, whether this Farm Bill is passed or not. Mandatory COOL is on the way Sept. 1," Lubben said.

He noted that there are revisions within current country-of-origin labeling language that will make it different than earlier proposals. Namely, there is a revision in how



PHOTO BY TROY SMITH

► **Brad Lubben**

a product may be labeled, now allowing for a pure USA product, a label indicating a mix of product from the USA and foreign countries, and a label for product purely of foreign origin.

He also noted that the proposed country-of-origin labeling legislation includes a grandfather clause that would allow everything in the United States on Jan. 1, 2008, to be grandfathered in as being of U.S. origin. "That is significant as it eases some of the burden for producing back

records," Lubben explained. He indicated that this clause would also allow for the U.S. Department of Agriculture (USDA) to write rules this spring that could then allow for a September implementation.

Regarding recordkeeping, Lubben explained that the proposed rules offer a little more insight as to what type of records will be expected from retailers, wholesalers and packers in the event of an audit. But, he said, it is still vague as to what records suppliers may want from producers.

Likewise, Lubben admitted that the cost of implementing country-of-origin labeling is still a widely debated range, with estimates from \$150 million to \$6 billion.

"It's still a debatable question as to what this will cost and what consumers are willing to pay. And we really won't know until we test this and have implemented COOL for a couple years," he surmised.

Cost aside, Lubben indicated that country-of-origin labeling is just the beginning of the traceability and process-verified programs (PVP) that some retailers are beginning to demand. "In the end, traceability and PVP will trump COOL. The demand for those systems is growing," Lubben said.

Competition. Lubben suggested the proposed ban on packer ownership of cattle may not be beneficial to producers or consumers. Packer-owned cattle are a small

CONTINUED ON NEXT PAGE



Editor's Note: API coverage of the Range Beef Cow Symposium XX is made available for distribution to all media via an agreement with the Range Beef Cow Symposium Committee and API. Headquartered in Saint Joseph, Mo., API publishes the Angus Journal and the Angus Beef Bulletin, as well as providing online coverage of events and topics pertinent to cattlemen.

The Four C's CONTINUED

percentage of the beef market, with the beef industry still being a largely spot-driven market, he said. That said, if packers have some market power and control of supplies, it may allow them economies of scale, which in turn translates to efficiency across the industry and more competitive prices.

“The benefits of economies of scale outweigh the detriments of packer ownership,” Lubben concluded, and added that he anticipates this proposal will be dropped from the final Farm Bill product.

Conservation. Lubben noted that several programs such as the Conservation Reserve Program (CRP), the Environmental Quality Incentives Program (EQIP), and more recently the Conservation Security Program (CSP) have been beneficial to agriculture. But he cautioned beef producers to be watchful of how these programs are funded in the future.

Currently the House and Senate are at odds over funding for EQIP, which the Houses favors and which is more beneficial to livestock producers. The Senate proposes more money for CSP. This bears paying attention to, he told attendees.

Commodities. In his final remarks, Lubben emphasized how crop production and energy policy have greatly affected the livestock industry. “If a renewable fuels bill is passed, we could see more competition for commodities,” he said.

Currently, the United States is using 7.5 billion gallons (gal.) of ethanol, he said. If that goes to 15 billion gal. it will require 25 million acres of corn. Additionally, if cellulosic ethanol becomes a reality, it could require 40 to 115 million acres of forages. As a result, Lubben said, cattle producers may not only be competing with ethanol for corn acres but also for forage.

“That’s the debate for the future,” he concluded.

Range Beef Cow Symposium XX is hosted by the cooperative extension services and animal science departments of Colorado State University, South Dakota State University, the University of Wyoming and the University of Nebraska. The symposium is at the Larimer County Fairgrounds and Events Complex, Fort Collins, Colo., Dec. 11-13. Additional coverage of the conference is available at www.rangebeefcow.com.



Editor's Note: API coverage of the Range Beef Cow Symposium XX is made available for distribution to all media via an agreement with the Range Beef Cow Symposium Committee and API. Headquartered in Saint Joseph, Mo., API publishes the Angus Journal and the Angus Beef Bulletin, as well as providing online coverage of events and topics pertinent to cattlemen.