Minnesota Farm Recognized for Outstanding Environmental Stewardship

Stoney Creek Farm (Grant, Dawn and Karlie Breikreutz) of Redwood Falls has been selected as one of six regional honorees of the Environmental Stewardship Award Program (ESAP). The award, announced during the 2016 Cattle Industry Summer Business Meeting July 14, 2016, recognizes the outstanding stewardship and conservation efforts. This year’s regional winners will compete for the national award, which will be announced during the Annual Cattle Industry Convention in February 2017.

Stoney Creek Farm, owned by Grant and Dawn Breikreutz, is a 3rd generation commercial Red Angus farm and custom calving business located in South Central Minnesota. The farm grazes 118 cows on 465 acres of permanent pasture land and feeds 750 head of cattle annually. The Breikreutz family also farms 250 acres of no-till corn and soybeans and wheat and 50 acres of alfalfa.

“Grant and Dawn have been innovators of integrating cattle and prescribed grazing systems into conservation farming practices in the state of Minnesota,” said Ashley Kohls, Minnesota Cattlemen’s Association executive director. “The countless hours they spend learning more about sustainable farming practices are matched by the number of hours they spend promoting these practices and the culture of conservation to fellow farmers as well as consumers.”

The Breikreutz family works closely with the Natural Resources Conservation Service and Minnesota DNR to implement numerous conservation practices to sustainably increase production and improve soil health. By implementing a strategy prescribed grazing plan, they have improved the health of their pastures and went from grazing 58 cow/calf pairs on 128 acres three months of the year to grazing 120 or more pairs for six months of the year.

“Through the use of prescribed grazing, Grant and Dawn have been able to improve every system on their farm, including the addition of extended riparian buffer areas, restoring remnant prairie, improving erosion control measures, pest management and nutrient management,” said Marilyn Bernhardson, administrator of the Redwood County Soil and Water Conservation District.

The Breikreutz family continues to seek education opportunities to improve their operation. In 2015, Grant and Dawn were recognized as the Minnesota State Cattlemen’s Association Cattlemen of the Year. That year they served the Minnesota cattle community by travelling more than 4,000 miles to participate in nearly 75 in-person meetings, 32 of which involved elected officials or government agencies, and 25 media engagements.

“Grant and Dawn have worked diligently to implement rotational grazing, restore used-up pastures, protect riparian areas, incorporate cover crops, and manage nutrient cycling on their ranch,” said Eric Mousel, University of Minnesota Extension Beef Team. “They also have been willing to showcase their many conservation efforts on various public tours and workshops to disseminate what they have accomplished and learned to other producers, agency personnel, and the public.”

ESAP...continued on page 6

Great Lakes Wolf Delisting Update

FY 2017 Interior and Environment Appropriations

The House of Representatives passed H.R. 5538, the FY 2017 Interior and Environment Appropriations bill by a vote of 231-196 on July 14th, 2016. Amendments of interest to the Minnesota livestock industry impacted by wolves, are as follows:

- Newhouse (R-WA), Wilden (R-OR), McMorris Rodgers (R-WA) - Prohibits the use of funds by the U.S. Fish & Wildlife Service and the Department of Interior to treat any Gray Wolf in the 48 contiguous states as an endangered or threatened species under the Endangered Species Act unless, or until, the Secretary of Interior resumes the rulemaking process for the proposed rule published in the Federal Register on June 13, 2013, by the U.S. Fish & Wildlife Service (Docket No. FWS-HQ, USFWS-2013-0073), which recommended the wolf be delisted. — PASSED

- Newhouse (R-WA) - Restores $1,000,000 for the Wolf Livestock Loss Demonstration Program and is offset by reducing funds for EPA Environmental

Wolf...continued on page 6

MidWest Cattlemen Host Successful Summer Beef Tour

The Minnesota State Cattlemen’s Association Annual Summer Beef Tour and trade show, hosted by the MidWest Cattlemen’s Association, was held on July 12th in Canby, Minnesota.

“The 2016 summer cattleman’s tour and trade show was a great success. Along with a beautiful day, we had a great turn out by our area cattleman, cattleman from a crossed the state, along with cattleman from Iowa and South Dakota to take the day long tour,” — Krist Wollum, MSCA President Eleet and tour committee Co-Chair.

Over 800 cattleman & women, cattle industry professionals, community members and consumers from a crossed the upper Midwest attended the annual tour and trade show. The tour featured a diverse offering of innovative family beef farms and a world class forage demonstration. Attendees had the opportunity to interact with each farm owner while learning about how their farm functions and succeeds. They also had the opportunity to observe various brands of equipment in action with the opportunity to interact with multiple equipment dealer representatives.

“A long with our stops featuring breeding stock and feeding systems, we also highlighted the ability of our members to work with government agencies through public grazing cooperative forage agreements. New this year was the forage demo; after a great deal of work by a few of our board members, they put together a great event,” Krist Wollum, MSCA President Eleet and tour committee Co-Chair.

Farm highlights included progressive production practices, advanced genetics, rotational grazing, cattle marketing strategies.
Hello,
July and August have been very busy for the MSCA Board members. The summer was a huge success. I’m always amazed how each group works together to get the tour put together. Congratulations to all!

That same week was the NCBA summer business meeting. Minnesota had great representation there. The hot topic this year was marketing and the CME group. There are a number of questions about today’s markets, but the big one for us is how the CME groups are handling the collection point issue. Wonderful! I would like to thank everyone who reached out to the CME group to help deal with such an important situation for MN Beef producers. The other big news was that one of the six regional honorees of the Environmental Stewardship Award Program (ESAP) went to the Breitkreutz family. Congratulations!

Another topic that I would like to touch on is grazing of state lands. This practice seems to be going forward again. The issue of the wolf delisting status seems to have a lot of attention all around. There are many bills in DC that are working legislatively to delist the wolf in our region. We are continuing to engage with our delegation in DC to try to keep this language in all of these final bills. We recently had the opportunity to meet with Representative Mike Conway of Texas. He is the Chairman of the House Agriculture Committee. Our discussions with him will center on the Endangered Species Act and how the original thought behind that law are broken.

Lastly, keeping with tradition, the next quarterly meeting will be held on September 10 at our house and for those who know us, I’m going to kill as many birds that I can at once! So we will have a full day planned.

Schedule of events:
10:00 am Regular quarterly meeting of MSCA
12:00 noon Lunch and cattle viewing of many top local producers
2:00 pm Bus will leave for a tour of a mid-size cow/calf operation where grazing 200 days have become a norm for years
5:00 pm Supper will be served
Come for a little while or the whole day. We will be glad to see you! It’s a long drive for many of you so if you need a place to stay or camp, just give Rita a call at 218-539-0015. She will be glad to help.

Hope to see you this fall.

The purpose of the Minnesota Cattlemen’s Association is to promote the beef industry, share knowledge, and advance the community. We encourage the development of youth who are engaged in the beef industry. On July 26 I had the opportunity to educate over 100 elementary kids and parents at the Farm Camp. Minnesota event in Rice. Participants learned about components of beef production, beef nutrition, and beef health. The Minnesota Beef at the Minnesota State Fair is another event which CattleWomen promote the beef community. This event is on Saturday, August 27 from 12:00-3:00 p.m. Fairgoers will participate in various quick beef facts to learn about various aspects of the beef community. A new event the CattleWomen are participating in is the 2021 Minnesota State Fair Beef Show. We will be sponsoring the Supreme Champion Prospect Calf and the Reserve Champion Prospect Calf awards. To develop the next generation of beef producers, we are also sponsoring a scholarship designated to be awarded to a 4-H beef exhibitor.

Do you know a young who are passionate about the beef community? If so, Minnesota CattleWomen and Minnesota 4-H Beef Program want to help through our Beef Ambassador!! This program offers an opportunity for youth to educate consumers and students about beef nutrition, food safety, and stewardship practices of beef farmers. The competition consists of interviews, consumer event, and critical response to beef industry topics. The team consists of a senior ambassador, a junior ambassador, and two team members. Some of the events members participate in include class visits, Summer Tour, Farm Fest, and Minnesota State Fair. The contest will be Saturday, October 22 at 9:30 a.m. in the Miracle Birth Center, Minnesota State Fairgrounds, downtown during their Beef Expo. Interested youth can go to www.mnbeefexpo.com/beef-ambassador. Further questions can be directed to Jennifer Schiefelbein at jschiefe@mnmel.net.

With the 2016 Minnesota State Cattleman’s Summer Tour and Farmfest behind us it is hard to be filled with anything but an enormous sense of gratitude. First the summer tour, thank you to the committee that organized the tour, the family that opened up their farms as tour stops, to the sponsors, exhibitors and each of you who were able to attend the tour. It was the culmination of a lot of work and time. To the men and women who make it happen by so many which resulted in a really great day filled with conversation and learning. Second, thank you to the Farmfest team and volunteers that continue to organize and execute one of the most important fundraisers of the year for the State Cattleman’s Association. We truly could not make it happen without the commitment of each of you. As we reflect on the summer and look forward to the fall we have much to be thankful for. I wish you all a safe harvest and remember to mark December 1-3 on your calendars for the State Cattleman’s Convention in Bloomington, Minnesota.

The cow/calf pairs are out to grass and all is well except for that occasional call we all hate to get. It’s funny how you know when or if you have calves just by the time of day the call comes.

I recently attended the NCBA summer conference for the first time in Denver with several other Minnesota producers. It was very interesting to watch and be part of the process of getting resolutions in place to protect producers. The issue at hand was the potential for discount on the CME October futures for feed cattle which could affect prices paid for feeder cattle being fed for delivery at that time. Midwestern cattle producers all worked together to get resolutions in place in an effort to protect us.

The following week I had the opportunity to do a presentation for the Minnesota Beef Expo. Part of the discussion was the process of the finished consumable product. I know I have brought this up before but I feel after this meeting it justifies what I have said before. These large processors want to hear our story and use it to continue to assure the final consumer that their food is raised and processed in a way the consumer feels comfortable with.

The Midwest Cattlemen put on another fantastic summer tour in the Canby area. The summer cattlemen’s tour continues to draw large crowds of producers and vendors. Leave it to a group of cattlemen to keep coming up with different ideas and products to showcase each year.

The summer season is kind of ends with the big event at Farmfest. On behalf of the crew that organizes this event, all can say is thank you to all the volunteers that come from all over the state to help feed the masses and a special thanks to American Foods for their donation to the MSCA.

Harvest season is fast approaching, so please remember safety first with machinery and livestock.

TINA NOLTE
President, Minnesota State Cattleman’s Association

DICK PESEK
Chairman, Feeders Council

GRANT BREITKREUTZ
Chairman, Cow-Calf Council

SARAH COLOMBE
President, Minnesota CattleWomen

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MSCA Membership Recruitment and Benefits

The MSCA relies heavily on a grassroots process of local cattlemen’s associations and volunteer leaders to recruit and retain members. The MSCA looks to reward recruiters with the following benefits.

Recruiter incentives are as follows: 3 members: complimentary registration to state convention; 5 members: two complimentary registrations to state convention; 10 members: two complimentary registrations to state convention and a $100 gift card; 20 members: two complimentary registrations to state conventions, $200 gift card and a plaque; 25 members: two complimentary registrations to state convention, $200 gift card, plaque and two nights stay at state convention.

Don’t Forget to Renew Your Membership!

The MSCA saw many successes in terms of our priority issues ranging from wolf management, expanded grazing access on conservation lands, reasonable animal identification requirements, opening up CRP and other conservation lands for emergency buying and grazing and improving the environmental permitting process. As we continue into 2016, the MSCA will be focused on many of the same issues, but we will also be closely monitoring many other issues affecting Minnesota cattlemen.

Be sure to send in your membership renewal as soon as you can so we can continue having cattlemen working for cattlemen! (See membership form on back page).

Minnesota Beef Alliance Members

Thanks to the following businesses that have already joined the Minnesota Beef Alliance in 2015! If you are interested in learning more about the alliance, contact the MSCA office at 612-618-6619 or visit www.mscsa.org.

Can you list these across the page – Prime – Choice – Select and make them stand out a little better?

Prime
- American Foods
- Carlson Wholesale
- Wulf Cattle
- Minnesota Beef Council
- Blue Hilltop, Inc.

Choice
- Zoetis
- Central Livestock
- Summit Livestock Facilities
- Wieser Concrete

Select
- Artech Manufacturing
- Lead Stone
- Purina Animal Nutrition
- Arm & Hammer Animal Nutrition

Upcoming Events/Important Dates

- September 10: MSCA Quarterly Board of Directors Meeting - Sebeka, MN 10:00 am
- October 20-23: Minnesota Beef Expo – Minnesota State Fair Grounds, St. Paul, MN
- Dec. 1 - 3: MSCA Annual Convention & Trade Show, Double Tree – Bloomington, MN
- July 16-11 2017: MSCA Summer Beef Tour – Glacial Ridge Cattlemen’s Association – Starbuck, MN

See us at the Farm Progress Show Aug. 30- Sept. 1, Booth #577

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Jr Association Notes:

Oh, sweet summertime! And what a great summer it has been! Attending the Minnesota State Cattlemen’s Summer Beef tour hosted by the Mid-West Cattlemen’s in the Canby area in mid-July was awesome! The Mid-West Cattlemen put on an outstanding tour, and a great steak supper. I’d like to thank them for also setting up a “junior bus” to help bring together the up and coming generation in our industry.

Shortly after the tour my family and I were fortunate enough to travel to Denver to receive the Environmental Stewardship Award (ESA) for Region III, this is an incredible honor and we feel truly blessed for this opportunity!

Earlier this year I traveled to Washington D.C. with Ashley Kohls and a few others from our state cattlemen’s for Boots on the Hill hosted by the NCBA. While there I learned a lot, ranging from don’t trust your phone GPS, you will get lost, to yes it’s true, many people there can lie right to your face. By far the most outstanding thing I learned is that we, as an industry, are a family. Not a very large percentage of folks can say they are US beef producers. We produce a product wanted world-wide, and a product that is known for its high quality, That is something to be proud of! So what does the beef industry mean to you? Many reading this will say it’s a life style, and many folks outside our industry think that we have to be absolutely mad to invest everything we have into four legs and a heart-beat that could tip over at any time, for any number of reasons. It’s so much more than that though, isn’t it? It’s watching your children bottle feed a calf for the first time, watching them grow in their love for livestock. It’s always learning and adapting to what the world throws at our industry. It’s creating a legacy to pass on to your children, and doing something you love every day. Though we all come from different walks of life, we may have different beliefs and different educations, but we all have one thing in common. Beef. It’s What Is for Dinner. An industry that puts food on the world’s table is an industry worth standing up for, take time to stay up to date on what is happening in our industry, locally and nationwide. We have a voice, and it’s definitely worth listening to, and it really does make a difference.

Till next time, stay cool everyone!
Twin Cities Burger Battle

On May 21, the Minnesota Beef Council was proud to be a part of sponsoring this year’s Twin Cities Burger Battle. This year’s battle brought together 25 of the best local burger joints and restaurants to serve up burgers for 2,500 attendees. Throughout the evening guests had the opportunity to cast their vote and crown Pepper and Fries’ Bangkok Burger as this year’s People’s Choice winner. The Bangkok Burger is an all-American beef patty with cool cream cheese, house-made sweet Asian garlic sauce, creamy Sriracha coleslaw and fresh jalapeno slices and cilantro on a buttered toasted bun. Additionally, a panel of judges voted to crown Red Cow’s Double Barrel Burger as this year’s Twin Cities Burger Battle Champion. The Double Barrel Burger is an In-House Ground Beef patty, House Made American Cheese, Special Sauce on a Waollet Hamburger Bun.

Minneapolis Farmers Market

On Saturday July 23, the Minnesota Beef Council was at the Minneapolis Farmers Market. We hosted a competition, similar to the Food Network’s “Chopped”, between two culinary students from Hennepin Technical College. Each student was given a basket of produce from the farmer’s market and then they also received a sirloin steak and a flank steak from Bar 5 Meat and Poultry in Arlington, MN, which are a vendor at the Minneapolis Farmers Market and a member of the Minnesota Association of Meat Processors. Each competitor was to create a dish with each cut. Abby and Bailey Schieffelin, two of our Minnesota Beef Ambassadors where the emcee’s and judges for the competition. The winner of the contest was Chef William from Le Cordon Bleu.

Team BEEF Farm Tour

During the month of June, Team BEEF members had the opportunity to learn more about how beef is raised from farm to table as they toured both the cow/calf side of the beef business, as well as the feedyard side of the beef business. Team BEEF members finalized the tour by enjoying a beef meal on the farm. A big thank you to Team BEEF member, Ashley Kohls, and her family for hosting an outstanding beef farm tour at their home. We are extremely grateful for your partnership, hospitality and willingness to tell the beef story.

Summer Intern: Becky Church

Minnesota Beef Council and the Minnesota State Cattlemen’s Association hired Becky Church as the 2016 Minnesota Beef Industry Summer Intern. In this role, Becky will work with the Minnesota Beef Council Staff and Board of Directors, as well as the Minnesota State Cattlemen’s Association Staff and Board of Directors to develop and implement beef education, communication and promotion activities throughout the summer. Becky hails from Hastings, MN and is currently a senior at the University of Minnesota majoring in Agriculture Marketing and Communications with a minor in Animal Science with an anticipated graduation date of December, 2016. Becky’s previous internships, college activities, leadership experience, and overall knowledge of the beef industry make her an excellent addition to the Minnesota Beef Council staff, as well as the Minnesota State Cattlemen’s Association staff.

www.mnbeef.org
Minnesota Beef Council Introduces New Website

The Minnesota Beef Council is inviting consumers and beef farmers and ranchers to explore their new website, launched in late June. Created with the user-experience in mind, the new website is compatible on both desktop computers and mobile devices. The new website has been designed to showcase the “Beef, It’s What’s For Dinner” recipe library, which includes the nutritional attributes of beef and beef cooking tips and tricks through videos and infographics. Additionally, the new website will share the Minnesota Beef story with consumers through our ‘Meet a Minnesota Beef Farmer’ page, as well as the positive impact our retail and foodservice partners play in educating and promoting beef to consumers through our Beef Bakerie page. Further, the new website includes a dedicated portion to Minnesota’s beef farmers and ranchers with information about Minnesota’s Beef Checkoff Program, Minnesota’s Beef Quality Assurance Program, as well as resources for how Minnesota’s beef farmers and ranchers can engage in telling their story to consumers through Local Producer Promotion Programs and the Masters of Beef Advocacy Program.

TV Beef Segments

Throughout the month of May, the Minnesota Beef Council was fortunate to receive earned media TV segments on Fox 9, KARE 11 and WCCO. Each of the segments featured 2016 Beef Bakerie Executive Chef George Snyder from The St. Paul Grill sharing beef grilling tips and tricks featuring menu items from The St. Paul Grill.

Throughout the month of June, the Minnesota Beef Council teamed up with Twin Cities Live to share two monthly beef segments. On June 17, Rob Barrett from “Cooking for Dad” visited the set of Twin Cities Live to provide us with tips and tricks for grilling a T-bone steak meal that any father would love...not to mention mothers and kids as well! Additionally, Von Hanson’s Meats joined us on the Twin Cities Live set to discuss tips and tricks for picking the best beef cuts for grilling. To view the segments and beef grilling tips and tricks, check out our website at www.mnbeef.org.

Get ready for an out of this world experience as we explore ethnic beef cuisines this year for 12 Days of Grilling! Be sure to tune into Twin Cities Live on KSTP Channel 5 from 3-4pm August 4-19.

Junior National Shorthorn Show & Youth Conference

This year, the Junior National Shorthorn Show & Youth Conference was held at the Minnesota State Fairgrounds. They held a Beef Cook-off which consisted of 4 kids on a team from a state and they were judged on their creativity, teamwork, knowledge of product and industry, taste, presentation of food and originality. The cut used this year was the Sirloin.

They also had multiple educational events as well as a speech contest and quiz bowl. The speech contest featured topics from, “How do you put Shorthorns in the spotlight?” for the 5-9 year olds to, “As consumer trends are growing towards more antibiotic and hormone free products, what does the future hold for pharmaceutical companies and how does this affect you and your operations?” for the Senior division which is 17-21 year olds.

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Summer Tour

The Minnesota State Cattlemen’s Association and the MidWest Cattlemen’s Association would like to thank everyone who attended this year’s tour! We would also like to thank all of the sponsors, vendors and supporters who make this event an annual success!

A special thank you to the host families and farms for the 2016 summer beef tour.
US House Ag. Committee Chairmen Visits Minnesota

When he works on the federal 2018 Farm Bill, U.S. Rep. Mike Conaway says he will be thinking about moms on food stamps and how changes in farm policy will affect their food costs.

Conaway, R-Texas, chairman of the U.S. House Agriculture Committee, visited Minnesota July 29th and 30th. During his visit, Chairmen Conaway took in a Minnesota Twins game, along with stopping at two farms to learn more about Minnesota Agriculture.

Conaway said he looks forward to working with U.S. Rep. Collin Peterson, D-Minn., the ranking minority member on the committee on the next Farm Bill. Peterson was with Conaway on his tour until mid-day Saturday the 30th. Conaway told the group at each of the farm stops on the 30th that both he and Peterson are certified public accountants and both are friends who work well together. He also commented that farmers and those working in related industries can help the committee in its work by telling their stories, he said.

“We’ve got to figure out a way to enlist urban Americans into the fight for a good solid production agriculture safety net,” he said. “They benefit at the grocery store and every time they go to a restaurant. They pay less for food than any other developed country in the world.” He urged farmers to tell the story “over and over and over, and then you’ve got to tell it some more.”

He went on to say people in urban areas “don’t know what a good deal they’re getting off your hard work, your sweat equity and your risk-taking.” It’s right to provide a safety net for farmers when times are bad, he added.

Conaway said his concern with any change in food policy is how it affects food prices. He isn’t concerned about people who could afford higher prices, he said, but about people with low incomes, who may spend 35 percent of their disposable income on food. He used an example of a mother feeding her family. The food budget may be the most flexible, because rent or house payments and car payments don’t change. If emergency money is needed, it often comes out of the food budget.

The nation has 45 million people on food stamps, Conaway said. Before changes in policy are made, he said, the potential change in food costs must be considered.

“I’m worried about that mom who can’t defend herself against an increase in price because policy makers in a capricious way decided to raise the cost of food,” he said.

Conaway, of Midland, Texas, does not have a background in agriculture. When he was appointed to the agriculture committee he promised his constituents he would consult experts and learn as much as he could about agriculture. When he became chairman a couple years ago, he continue to expand his knowledge.

“Each sector of the agricultural economy has different interests,” he said. “While the Agriculture Committee works in a bipartisan manner, there are sometimes “family squabbles” about how to handle different sectors.”

His visit to Minnesota allowed his to see his first sugar beet fields and a variety of other crops. He toured the Southern Minnesota Beet Sugar Cooperative in Renville and visited two ethanol plants, the first he’d seen.

“I’m trying to expand the breadth of my knowledge,” he said. He also attended a Minnesota Twins game and saw them win.

“It’s a lot greener than what I expected,” he said of Minnesota’s farm country. “There’s casual water everywhere; you don’t really see that in West Texas.”

Conaway was hosted by Noah Hultgren, president of the Minnesota Corn Growers Association and Bruce Peterson, Immediate Past President of the Minnesota Corn Growers Association. A Select group of other industry representatives, including the Minnesota State Cattlemen’s Association, also attended the visits. MSCA priorities discussed included cattle market volatility and the endangered species act. *Quotes and content partially sourced from the West Central Tribune.

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CME Group Encores Upper Midwest Cattle Feeders

The CME Group announced on August 5th, intentions to make a number of changes that they feel will enhance Live Cattle futures markets. The CME group claims these new measures are based on continued collaboration and feedback from the cattle industry, which resulted from an independent study conducted by Informa Economics.

The changes to be taken are as follows:

- **Seasonal Discount at Worthing, SD delivery location** – Based on extensive customer feedback, internal review and Informa’s independent research, CME Group will add a seasonal discount of $1.50 per hundredweight on live cattle tendered to its Worthing, South Dakota delivery location for the October contract only. The new discount will be effective with the October 2017 contract, which will be listed for trading on Monday, August 22, 2016, pending CFTC review. The extensive research supporting this decision concluded that this discount would better align delivery values with cash market prices and maintain compliance with CFTC’s policy on location price differentials, while resulting in little or no impact on local cash cattle prices. The full Informa Economics report, Regional Cattle Price Differences and Their Impact on CME Live Cattle Delivery Points, is available at www.cme.com/livestockupdates.

- **Revised grading and quality specifications** – Based on industry feedback and increasing quality grades seen in all major fed cattle regions, CME Group will update par quality grades for both live and carcass-classified deliveries to 60 percent choice and 40 percent select, from 55 percent and 45 percent respectively. Pending regulatory reviews, these changes will be effective with the October 2017 contract month.

- **Delayed listing of additional contracts** – CME Group applauds the efforts of the industry to create additional market transparency, particularly through efforts like the recently introduced cash cattle auctions. Transparent, negotiated or auction-based cash markets are a prerequisite for effective futures markets, particularly those with physical delivery. However, only approximately 20 percent of cattle sales are negotiated in cash markets across the U.S. today with less than five percent in major producing states like Texas and Oklahoma. As a result, CME Group will delay listing any additional contract months beyond October 2017 as we continue working with the industry to identify ways to improve cash market transparency, review cash market developments and consider the introduction of cash-settled products if transparency does not improve.

MSCA is disappointed that the CME has decided to go ahead with the seasonal discount on deliveries to the Worthing, SD location. However, even more concerning are the CME’s threats to move to a cash settled live cattle futures contract if price discovery and cash negotiated trade do not increase across the major cattle feeding regions. It’s troubling that the CME has gone against vocal industry wishes and applied the discount anyway.

The beef industry, as a whole, is largely dependent with little to no dependency on government programs or even insurance. With that being said, the industry relies on acceptable tools to manage risk, the Live Cattle Futures market is one of those important tools. MSCA, along with many other members and neighboring states asked for consideration of Upper Midwest beef producers and not single out the Worthing, SD CME approved delivery point with a $1.50/cwt seasonal discount on cattle delivered there.

The discount takes place during a time when cattle in the north are typically ready to go to the packer. “This decision feels like a mandate to cattle feeders in our state and region on how and when they can and should feed cattle for market. It’s a marketing disadvantage that may decrease cash negotiated trade in the Upper Midwest.” Krist Wollum – MSCA President Elect

Inconsistently, the CME expressed concern about the lack of negotiated trade across the country and has threatened to move to a cash settled contract if price discovery and transparency does not increase quickly. While Minnesota, Iowa and surrounding states average 60% cash negotiated trade, other major cattle feeding states, including Texas and Oklahoma, average less than 5%.

“From a price discovery standpoint, our region’s issue is in the south. We have not, yet, as an industry, found a way to encourage states like Texas and Oklahoma to put more cattle on the cash market.” Krist Wollum

Unfortunately, the move does not seem to be enough for the CME. The proximity of this announcement to the listing of the December 2017 cattle contract leaves little time for the major changes in price discovery that need to avoid a cash settled futures contract. Many Upper Midwest cattle feeders do not believe a cash settled contract will solve any of the price discovery problems cattlemen are currently facing.

“If we don’t have enough cash negotiated cattle, there’s no way to have an accurate cash settled contract. Price discovery is an issue that will only be made worse through a cash settled contract.”

Additional frustrations with the CME Live Cattle Futures Contract is that data on high frequency or algorithmic traders has remained inaccessible. A third party audit of the data to determine how these traders have influenced the cattle market volatility that has taken place over the past several months is a necessity.

For more information on these and other steps taken by the CME Group to address cattle market performance visit www.cme.com/livestockupdates.
MSCA Partners with Minnesota Grazing Lands Conservation Association on Beginner Grazing School

The Minnesota Grazing Lands Conservation Association is hosting the Beginner Grazing School in Grand Rapids, MN on August 26 & 27, 2016. The Beginner Grazing School is designed for producers and anyone with an interest in learning the basics of how to best manage grasslands to benefit livestock, the grassland ecosystem, and wildlife. The agenda features presenters from state and federal agencies, and universities. Area producers will share their expertise about various topics related to grazing techniques and grassland management. Participants will hear presentations in the classroom and gain experience with hands-on activities in the field. Space is limited to 30 participants. Early registration is encouraged to participate.

The Schedule is as follows:

Friday, August 26, 2016

12:30 PM—Registration
1:00 PM—Welcome and Introductions
1:15 PM—Plant Growth
1:45 PM—Soil Fertility
2:15 PM—Forage Quality
2:45 PM—Break & Travel to South Farm
3:15 PM—Plant ID
4:15 PM—Mini-grazing System Demo
5:15 PM—Travel Back to Main Station
6:00 PM—Supper
7:00 PM—Bull Pen Consultations

Saturday, August 27, 2016

7:00 AM—Light Breakfast at Main Station
7:30 AM—Resource Inventory
8:30 AM—Grazing Math
9:30 AM—Intro to Rotational Grazing
10:30 AM—Break
11:00 AM—Setting up Your System
12:00 PM—Lunch and Travel to South Farm
1:00 PM—Clipping for Yield Demo
1:30 PM—Grazing Utilization Demo
2:00 PM—Mini Sessions 1. Rainfall Simulator 2. Forage and Cover Crop Plots
2:30 PM—Break 3:00 PM—Mini-grazing System Eval & Discussion
4:00 PM—Closing Remarks and Travel to Main Station for Departure

Submit Material for The Minnesota Cattlemen

If you would like to submit any information or advertising for the upcoming issue of the Minnesota Cattlemen the deadline for the next issue is September 15th, 2016. We are interested in highlights and photos from your local cattlemen’s associations and cattle news in your area. Submit information to mnsca@mnsca.org
Understanding Brazil’s Access and Ability to Ship Beef to the United States

An August announcement from USDA stated that 19 packing plants in Brazil will be approved to export fresh and frozen beef into the United States. This is a result of the USDA Animal and Plant Health Inspection Service (APHIS) rule finalized last September to approve Brazil and Argentina for export of their fresh and frozen beef to the U.S. Prior to this approval, both countries had to undergo an animal health equivalency process. Once this equivalency process was complete, any individual plant that wanted to export to the U.S. had to undergo a food safety equivalency inspection by USDA’s Food Safety Inspection Service (FSIS). The recent announcement is the result of these inspections. To-date, only plants in Brazil, not Argentina, have been approved.

The elimination of TRQs may come as a surprise, talks of this rule and the process have been happening for over 2 1/2 years. However, there is no guarantee that the USDA moved forward with this announcement before completion of the Government Accountability Office (GAO) audit of the procedures USDA used to formulate these rules. You may remember that in the FY16 Omnibus bill, language required the USDA to establish a prioritization process to conduct audits and reviews of any country that wishes to export to the U.S. was included. In other words, the bill required the Secretary of USDA to establish a prioritization process for APHIS to conduct audits and reviews of countries with APHIS animal health status recognition. This means the Agency’s implementation of the final rules would be delayed until an updated risk assessment and additional site visits were conducted.

The question still remains, what impact will Brazil’s expanded market access have on U.S. market?

Brazil does not have a specific tariff rate quota (TRQ) for the U.S. market, and the rule-making procedure that grants Brazil access to the U.S. market does not establish a TRQ for Brazil. Brazil imports will fall under the “Other” countries designation once approved.

Brazil previously only exported “cooked product” to the United States and processed and processed-products are not subject to TRQs. Under the new approval by USDA/FSIS, Brazil will be able to export fresh and frozen beef to the United States. When asked which part of the U.S. beef market Brazil is aiming for with their expanded access for fresh and frozen products, it was made clear to them that they are looking to compete for the trimmings market, even though that market is already dominated by imports from Australia and New Zealand. Most of Brazil’s beef is finished on grass, with a small percentage (10-15%) finished on grain. This product is very similar to product from Australia, not U.S. beef.

WTO “Other Countries” TRQ

Eligible countries without a country-specific quota can access the “Other Countries” TRQ of 64,508 tons of beef. Five countries (Costa Rica, Honduras, Ireland, Lithuania, and Nicaragua) can use the quota, which provides a preferential duty rate of 4.4 cents per kilogram. Imports above 64,508 tons are charged the full tariff of 26.4 percent ad valorem.

In 2015, the Other Countries TRQ reached a fill-rate of only 68 percent for the six eligible countries despite strong U.S. import demand. The fill-rate has climbed over the past 10 years from a low of 45 percent in 2005 to a high of 94 percent in 2011. Once the WTO quota fills, country-specific TRQs from enacted FTAs will take effect, allowing an additional 34,906 tons for CAFTA-DR countries. As agreements are fully implemented, FTA partners will receive unlimited access, reducing pressure on the Other Countries TRQ.

Media reports suggest that Brazil will seek to expand the quota into the United States beef market. It is important to note that the “Other” quota is a U.S.-negotiated commitment to the WTO and changing that quota is difficult and only possible in a handful of situations. If the U.S. and Brazil establish a free trade agreement then it is highly likely that Brazil would have a country-specific TRQ and no longer ship under the “Other” category. Country-specific quotas have also been established at the WTO Round, but given the life-support status of the Doha Round this is highly unlikely in the near future. In some instances with other Commodities like sugar and dairy, countries have requested the United States make the unfilled quotas of other countries available for competition. This is referred to as globalizing the allocation. This would require U.S. approval and the approval of the country who is not meeting their quota requirements. This practice is rarely approved. Outside of a free trade agreement, the most likely opportunity for Brazil to expand their presence in the U.S. market will come from the exit of Nicaragua from the “Other” category in 2020 when they have unlimited access to the U.S. market as part of the Central America Free Trade Agreement (CAFTA). Under the current scenario, when a new country becomes eligible, imports could either displace shipments from other countries or be imported at the above-quota tariff rate. After 2020, competition by existing countries for this TRQ will lessen as CAFTA-DR is fully implemented. Nicaragua, accounted for nearly 80 percent of quota use in 2015, will have unlimited access, creating opportunities for other shippers. Further quota expansion could be obtained through future WTO negotiations or future FTAs.

U.S. Tariff Rate Quotas and Imports of Beef in 2015

<table>
<thead>
<tr>
<th>Country</th>
<th>U.S. Imports</th>
<th>Tariff-rate Quota</th>
<th>Quota Fill-Rate</th>
<th>Role of Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tons</td>
<td>Million US</td>
<td>Tons</td>
<td>Rate of Duty</td>
</tr>
<tr>
<td>Canada</td>
<td>100,190</td>
<td>$1,102</td>
<td>Unlimited</td>
<td>FTA</td>
</tr>
<tr>
<td>Mexico</td>
<td>136,164</td>
<td>$1,002</td>
<td>Unlimited</td>
<td>FTA</td>
</tr>
<tr>
<td>Argentina</td>
<td>0</td>
<td>$0</td>
<td>20,000</td>
<td>4.4 cents/kg</td>
</tr>
<tr>
<td>Australia</td>
<td>412,763</td>
<td>$2,469</td>
<td>418,114</td>
<td>99%</td>
</tr>
<tr>
<td>Japan</td>
<td>183</td>
<td>$15</td>
<td>200</td>
<td>92%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>209,768</td>
<td>$1,163</td>
<td>213,402</td>
<td>98%</td>
</tr>
<tr>
<td>Uruguay</td>
<td>19,766</td>
<td>$238</td>
<td>20,000</td>
<td>99%</td>
</tr>
<tr>
<td>Other</td>
<td>44,362</td>
<td>$240</td>
<td>64,805</td>
<td>60%</td>
</tr>
<tr>
<td>Total TRQs</td>
<td>686,276</td>
<td>$6,227</td>
<td>736,621</td>
<td>99%</td>
</tr>
</tbody>
</table>

1 Imports include fresh/chilled and frozen beef only. Prepared and processed products are not subject to TRQs. Volumes are published by Customs and Border Protection, value is published by U.S. Census Bureau.

2 Australia’s total TRQ includes a WTO quota of 378,214 plus an FTA quota of 40,000 tons. Includes 4,000 tons at reduced tariff.

3 Open to other countries that do not have a country-specific quota.


(Upgraded 07/20/2016)

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Minnesota State Cattlemen’s Association/National Cattlemen’s Beef Association

MSCA/NCBA Partnered Membership Application Form

Name ___________________________ Phone ___________________________ Email ___________________________

Address ___________________________ City ___________________________ State ___________________________ Zip ___________________________

Type of Business: □ Feeder □ Cow/Calf □ SteerDam □ Stocker □ Dairy □ Associate

Method of Payment: □ Check □ Credit Card □ Money Order

Credit Card Type ___________________________ Master Card □ Visa □ Discover

Card # ___________________________

Expiration Date ___________________________ Signature ___________________________

Make Checks Payable to: MSCA & NCBA (No Cash Please)

Return Form & Payment To: MSCA Treasurer

23732 230th Street S • Hutchinson, MN 55350

Recruited By: ___________________________

Questions Call: (612) 619-6891 or email: mnsca@mnscacattle.org