

June 2008

Lamb finishing crucial to quality?

A two-week finishing period pre-slaughter with a medium energy ration is critical for lamb meat eating quality, according to Robin Jacobs, from the Department of Agriculture and Food, Western Australia.

Outlining lamb finishing strategies at the Cooperative Research Centre for Sheep Industry Innovation forum last Thursday at Naracoorte, he said producers had a part to play ensuring consumers had a pleasant eating experience every time by managing the muscle glycogen levels of their lambs on-farm. Low levels of muscle glycogen post-slaughter lead to dark cutting carcasses but feeding lambs on a high-quality pasture, or high-concentrate diet to ensure weight gains of 100-150 grams a day in first and second cross lambs – or 200g/day in Merinos – in the fortnight before slaughter maximised muscle sugar levels. (FarmOnline)

Majority of S.Koreans oppose US beef deal - survey

The majority of South Koreans are unhappy with the government's new deal for the re-import of U.S. beef but said the nightly rallies against President Lee Myung-bak should stop, a newspaper survey published on Tuesday said.

South Korea and the United States said at the weekend they had reached a private-sector deal to restrict trade in U.S. beef to cattle under 30 months and forbid exports of parts that are thought to pose a higher risk for mad cow disease.

But the revised deal, which followed more than a month of rallies against an original agreement that mushroomed into broader protests against Lee, has not stopped the nightly street demonstrations. Over the weekend, some of the thousands of South Koreans who had held a candle-light vigil erupted into violence in central Seoul, clashing with police and smashing police buses set up to block protesters from marching to the presidential office.

Online message boards have been filled with posts by users wondering if the private-sector agreement is enough to prevent meat they feel poses a high risk for mad cow disease from entering the country. In the survey conducted by the conservative Dong-a Ilbo newspaper, 52.9 percent of the 726 people polled said the revised deal should not be accepted. Just over 38 percent approved it.

Trade Minister Kim Jong-hoon, said the U.S. private-sector export restrictions were a binding mechanism under the U.S. Department of Agriculture Quality System Assessment programme and Seoul had the right to return any product not in compliance.

The April beef deal was meant to help a separate bilateral free-trade accord that U.S. congressional leaders threatened to block unless South Korea opened up its market to beef imports. (Reuters)

Libs backdown on wheat amendment

The Liberals have backed down on its threat to impose an amendment to the Federal Government's wheat deregulation bill, which would have eased regulations over port terminals operated by bulk grain companies.

The Australian Financial Review is today reporting that the Liberal Party has ditched its amendment, after lobbying by The Nationals and by AWB, which argued that the move would harm grain growers. They say the regulations are necessary to ensure fair access to ports by all players.

Labor's legislation, which effectively deregulates the marketing of bulk wheat exports, was debated in the Senate last night and is expected to pass parliament in time for the planned July 1 start date for the new system. (Stock & Land)

Lamb prices at dizzy heights

The lamb market's jekyll and hyde nature has returned and neither is good for the industry.

Prices may be booming for the relative few who have any to sell, but processors face losing money and an early winter shut down. Meanwhile, lamb is in danger of pricing itself out of the market.

A decent forward-selling system could have solved this supply, demand and price dilemma, according to Sheepmeat Council president Chris Groves.

"Come spring-time there will be lambs everywhere and not enough kill space and watch the price fall," Mr Groves said.

"This boom and bust cycle reinforces the need for all interested parties to sit around the table and talk about how we can solve this supply issue as it has the potential to be very damaging indeed."

Mr Groves said a general lack of confidence in the relatively new and specialist lamb finishers industry was one of the key reasons why a better forward contract system did not exist.

Lamb has now hit a four-year high across the eastern states and is expected to stay at close to 500 cents per kilogram (dressed) until spring lamb hits the saleyards.

Three and four score trade lambs in Bendigo and Ballarat, Victoria, this week made between \$85 and \$130 per head, or 460-550c/kg, according to the National Livestock Reporting Service, which quoted prices at yards in central New South Wales as at similar levels.

Across South Australia prices have hit 550c/kg for the best trade lambs, while heavier lambs are selling for closer to 425-450c/kg, according to Landmark livestock manager for SA, Wayne Hall.

"For the first time in a long time we are seeing vendors rewarded for feeding lambs, it is a simple supply and demand situation and it is very hard to predict where it will go to from here," Mr Hall said.

In the west, prices have not reached these dizzy heights, with Peter Trefort, of Hillside Meats at Narrogin, WA, saying lamb supply was holding up well in that state.

"We have had some forward contracts in place but the price will no doubt stay up for some time yet; we're at 380-400c/kg for a good 20kg lamb right now," he said.

But better quality second cross lambs are becoming harder to find, according to the NLRs.

Last week it reported a big jump in the Victorian and New South Wales trade lamb indicators at 464c/kg and 446c/kg, their highest price since August 2004. (Stock & Land)

Flood damage to Midwest soil may block replanting

Midwest U.S. farmers with flooded fields may find that soils have been damaged too much to plant this year even if the waters recede quickly, agronomists said on Wednesday.

Fields that have been underwater for close to a week were facing damage that could give farmers headaches for years.

"There has been a tremendous amount of soil erosion," said James Fawcett, a field specialist in southeastern Iowa with Iowa State Extension Service. "The fields will not be as productive as they have been in the past."

Fields along flooded rivers will have to be cleared of sand and debris before they can be planted again, Fawcett added. And it will take a long time for some fields to dry even if the standing water subsides soon.

"We have areas where it is going to take six months before it is going to dry out," said Palle Pedersen, extension agronomist at Iowa State University.

"The worst areas are the river bottoms where ... we have had a lot of water sitting for a long, long time."

But conditions have dried out enough on higher ground to allow some farmers to replant soybeans or spray and fertilize their fields despite watery "potholes," agronomists said.

About 20 percent of Iowa's corn crop was either ruined or is in serious jeopardy, Iowa State University agronomist Roger Elmore said. The remaining 80 percent is not in good shape.

Affected farmers face a dilemma: spend the money to replant and reap perhaps half the normal yield, assuming there is not a summer drought or early frost, or accept crop insurance payments. (Reuters)

Corn hits record highs on US floods

Corn rose close to a record after floods in the US Midwest ruined some crops and increased the risk of lower production as global demand for food increases.

Some fields in Iowa, the biggest US corn producer, got more than 15 inches (38 centimeters) of rain in the past two weeks, National Weather Service data show. Crop conditions deteriorated for a second straight week, the government said on June 16. Harvested cornfields will decrease by 2 million acres and yields will fall, said analyst Dan Cekander in Chicago.

"Prices are going to stay supported until more is known about acreage and yield losses," said Cekander, a senior grain analyst at NewEdge USA LLC. "Prices are not high enough yet to slow demand."

Corn futures for December delivery rose 4 cents, or 0.5%, to \$US7.80 a bushel on the Chicago Board of Trade, the highest close ever for a most-active contract. Prices touched a record \$US7.915 on June 16. The most-active contract soared 84% in the past 12 months on record demand for livestock feed and grain-based fuel.

Floods and severe Midwest storms have killed at least 17 people and forced the evacuations of more than 36,000 Iowa residents. The disastrous weather has boosted corn prices 30% since May 25.

River levels will match or beat records set in 1993 for a half-dozen communities along a 60-mile (97-kilometer) stretch of the Mississippi north of St. Louis over the next three days, the National Weather Service said. At St. Louis, the river is forecast to crest on June 23 at about 10 feet (3 meters) below the record. The rising river is jeopardizing as many as 24 flood-control levees, according to forecaster AccuWeather.com.

Crop condition

About 57% of the corn crop was in good or excellent condition as of June 15, down from 60% a week earlier and 70% a year ago, the USDA said yesterday.

Global corn inventories as of Aug. 31 will drop to the lowest in 24 years, the USDA has projected.

Crop conditions this month are the worst since 1996, USDA data show, and mirror the deterioration in 1993, the last time widespread flooding reduced yields.

The weather is endangering a US corn crop already expected by the government to decline from last year's record harvest after farmers planted 8.1% fewer acres, analysts said. Domestic corn production will drop 10% this year, to about 11.7 billion bushels, the USDA said last week.

US inventories before the 2009 harvest will total 673 million bushels, representing about 20 days of supplies at current consumption rates. That's down from 40 days of stockpiles estimated for this year and the lowest since 1996, when reserves were projected to last 18 days, USDA data show.

"I've never seen corn and soybeans look this bad in Iowa," said Chip Flory, editor of the Professional Farmers of America newsletter in Cedar Falls, Iowa. "Things are starting to straighten out, but there are more risks" for lower yields from hot summer weather or a shortened growing season, he said. Corn is the biggest US crop, valued at a record \$US52.1 billion in 2007, followed by soybeans at \$US26.8 billion, government figures show. (Bloomberg)

S.Korean president apologises on beef

South Korea's embattled president apologised on Thursday for a U.S. beef import deal that sparked mass street protests against his new government and will sack close aides to try to halt a dramatic slide in public support.

Lee Myung-bak, who eased to victory in a December election with pledges of pro-business reforms and growth for the world's 13th largest economy but now has an approval rating of less than 20 percent, said he wanted to start a new chapter for his four-month-old government.

"As I sat up on a hill in the dark watching the lines of candles filling the city streets, I faulted myself for not ensuring the comfort of the people," Lee said in a televised speech, referring to more than a month of candle-lit rallies.

"I will make it a top priority to stabilise prices and look after the lives of the working people," Lee said.

Analysts said they expect large parts of Lee's reforms, which include privatising state firms, tax cuts for companies and mortgage relief for low-income households, to be stalled unless he can win back public support.

A parliament in which Lee's conservative Grand National Party holds the majority has yet to begin sitting because of a boycott by the left-of centre opposition angered at the beef deal.

Hundreds of the 13,000 striking South Korean truckers, whose protest has paralysed ports and cost export firms billions of dollars, reached deals with employers and returned to work on Thursday, easing a little pressure on Lee. (Reuters)

Koreans in talks with US on beef

South Korea's Trade Minister is set to meet his US counterpart in Washington today to resolve a seemingly endless dispute over American beef.

The US insists it will not "renegotiate" its April agreement with Seoul to accept all US beef under international mad cow safety rules.

But the two sides were set to talk about how to implement a more restrictive voluntary private industry agreement.

Gretchen Hamel is with the US Trade Representative's Office says: "Trade Minister Kim will be coming to the US Trade Rep's office and will be meeting with Ambassador Schwab. There may, possibly, be additional meetings, so we can re-open the beef market and get beef flowing back into South Korea."

US President George W. Bush has assured Korea's new president, facing tremendous political pressure at home, that the US won't ship to Korea beef from animals over 30 months, which is thought to have a greater mad cow risk. (ABC Rural)

Container shortage hits exports

SOUTH Australia is missing a golden opportunity and millions of dollars in business because of a shortage of food-grade containers to export wheat.

The containerised grain export market has grown rapidly since Australia's wheat industry was deregulated on August 27, 2007.

Wheat exports have swung from bulk towards containers as deregulation has removed AWB Limited's export monopoly, allowing other traders into the market.

As well, an increasing number of Asian customers prefer containers. At the same time, bulk shipping costs have soared due to the mining boom.

Container terminal operator DP World Adelaide commercial manager Peter Gaffney said containerised wheat exports had the potential to become its largest export trade in SA.

Mr Gaffney said the market had grown from zero to about 20,000 containers within two years and had the potential to quickly reach 50,000 containers.

"This would rank it behind wine as South Australia's largest containerised export," Mr Gaffney said.

The latest Export Wheat Commission figures show that Australia has exported 1.53 million tonnes of wheat in containers in the eight months since deregulation, a threefold increase on the same period in 2006-07.

It compares to 2.6 million tonnes of wheat shipped in bulk in the same time.

Balco Group managing director Malcolm May said it could ship 20-30 per cent more grain out of SA in containers if they were available - and the demand was only going to increase. (Adelaide Now)

Argentina sticks by grain export taxes

President Cristina Fernandez dug in her heels Monday over contentious grain export tax hikes, rebuffing farmers who are seeking talks to end a three-month standoff that has crippled Argentina's farm sector.

Fernandez also announced that revenue from the duties will fund social programs including the construction of 30 new hospitals, housing for the poor and rural roads. It was the first time she has given details of her plans for the money.

"I ask that all Argentines commit themselves to the fight against poverty and the redistribution of wealth," Fernandez said. "It is impossible to redistribute wealth without touching extraordinary profits."

The government hiked export taxes on soy from 35 percent to 45 percent at current prices on March 11 to tap into an international commodities boom. Farmers responded with a nationwide protest that has lasted for nearly 90 days, paralyzing the economy and raising the specter of economic recession.

Fernandez spoke Monday just hours after her government refused to attend a meeting called by the national ombudsman with leaders of the four main rural groups, saying no mediators are needed.

The previous night, farmers lifted hundreds of protests in the hopes of sitting down to a third round of negotiations with government officials.

Farmers claim they need the profits to reinvest in their lands to increase productivity.

During a news conference later Monday, Mario Llambias, head of the Argentine Rural Confederation, criticized Fernandez's determination to use farm profits to fund social programs.

"We agree with the destination of the funds," he said. "What we don't agree with is their origin."

(Associated Press)

US refuses to negotiate with Korea on beef

The United States is refusing to renegotiate its beef deal with South Korea, after Korea's President Lee bowed to public concerns about mad cow disease.

The US insists American beef is safe, that it has met international mad cow safety standards, and that Korea should abide by those rules and stop delaying a beef deal Seoul announced with the US in April. Sean Spicer from the US Trade Representative's Office says: "The agreement that our two governments reached in April is a good agreement, based on recognizing international science, and there would be no reason for any type of renegotiation."

Five leading US beef producers have agreed to voluntarily label shipments to South Korea to show the age of cattle when slaughtered, and the Americans hope this gesture will get their beef back into the market.

The Koreans agreed in April to accept all US beef, but now don't want product from cattle over 30 months, thought at greater risk. (ABC Rural)

New rules for wheat exporting

Draft accreditation rules for wheat exporters have been released as the \$5 billion industry prepares to formally dismantle the monopoly on bulk exports.

The House of Representatives on Wednesday passed legislation aimed at opening up bulk wheat exports to multiple operators in the wake of the AWB food-for-oil scandal.

The government's Export Wheat Commission has released the draft accreditation rules for public comment, ahead of the new scheme's expected start date of July 1.

The commission says the draft rules cover how companies could gain accreditation to export, grounds for suspension or cancellation of accreditation and fees to be charged. (AAP)

Grower anger as wheat bill passes parliament

The Federal Government's Bill to open up wheat exports to competition has passed through the lower house today with Liberal support.

The legislation scrapping the single desk split the Coalition with only the 10 Nationals MP's voting against it.

The Nationals won't be able to block it in the Senate.

Farmer Peter Cannon from the Wheat Growers Action Group met Agriculture Minister Tony Burke yesterday to tell him he's ignored a large section of the grower community.

"I've actually asked for him to resign because he is not representing us grain growers, he's just playing political games with our rural economy," he said.

"To me it's just one big political game, and I'm just totally disgusted." (ABC Rural)

Boom times for Australian dairy industry

A new report says the Australian dairy industry is enjoying its best world market conditions in decades.

Dairy Australia's Situation and Outlook report says world demand for dairy products is proving strong, despite big price increases.

Domestic dairy sales rose seven per cent in value in the year to March, even though there were falls in the amount of cheese and yogurt sold.

A Dairy Australia national survey of 1000 farmers found confidence was up 24 per cent, and many farms, particularly in coastal areas, were moving back into profit after the drought.

The report predicts farm gate milk prices may fall 10 per cent next financial year, because of weakening commodity prices and a rising Australia dollar, but competition for the milk from dairy companies will limit any falls.

Co-author of the report, Joanne Bills, says many believe their costs are out of control.

"On average, dairy farmers fed about 1.7 tonnes per cow, per year in the last 12 months, and that was up on the previous year. Grain prices have reached record levels in response to global shortages so stocks are at very low levels for the grain market." (ABC Rural)

S Korea Backs Away From Resuming US Beef Imports

South Korea says it has asked the United States to halt exports of beef from cattle over the age of 30 months.

South Korea's Agriculture Minister Chung Woon-chun made the announcement Tuesday and described the decision as a "humble acceptance of the people's will."

The decision reverses a plan to resume normal beef imports from the United States, and follows weeks of almost daily street protests against the plan, prompted by fear of mad cow disease.

South Korean demonstrators demand that President Lee Myung-bak cancel the deal he made with the United States to lift restrictions on U.S. beef imports, fearing the U.S. beef is not safe.

Officials asked the U.S. to respect South Korea's position.

Spokesman for the U.S. Department of State, Tom Casey says the U.S. is looking forward to resuming unrestricted beef exports to South Korea, but will cooperate with Seoul in resolving the controversy at home.

U.S. officials say U.S. beef has been proven safe and is exported throughout the world.

Seoul banned U.S. beef in 2003 after mad cow disease was detected in the United States. South Korea resumed imports last year, but restricted them to boneless beef from cattle 30 months old or younger.

The government in April agreed to open South Korean markets to unrestricted U.S. beef imports.

But the South Korean Agriculture Ministry announced Monday that the government had decided to delay the plan for an unspecified period.

The beef deal was a condition the United States set for a larger free trade agreement. (VOA News)

Woes continue for GrainCorp

Agribusiness GrainCorp expects to post another full year earnings loss, after the impact of the drought pushed its first half result into the red.

The Sydney-based company has now embarked on an internal restructure aimed at insulating its business from poor seasonal conditions in the future.

GrainCorp today reported a net loss of \$6.5 million for the first half of fiscal 2008, as the drought on the east coast of Australia last year reduced the amount of grain it had in storage. The result compared to a profit of \$5.5 million in the prior corresponding period.

GrainCorp is forecasting a full year net loss of around \$20 million, in line with \$19.8 million loss it reported in fiscal 2007, due to the smaller tonnage of stored grain.

Chief executive Mark Irwin said the first half result was disappointing.

But aside from the drought the fundamentals of the business were strong, as Graincorp pursues a takeover of stockfeed company Ridley Corp.

"The result clearly shows that GrainCorp needs to diversify income streams, it validates our Ridley acquisition strategy and provides an imperative to identify and pursue growth," Mr Irwin said. (News.com.au)

Argentine farmers suspend grain exports

Argentine farm groups vowed Tuesday to suspend grain exports and meat sales, resuming protests against controversial export taxes a day after talks with the government stalled.

Farmers will halt meat sales and shipments of grain for export from May 28 to June 2, sending a more than two-month conflict over increased taxes on soy and sunflower seed exports back to an apparent deadlock.

"Faced with the national government's recurring refusal to resume dialogue, the farmers' commission has resolved to call on all growers in the country to resume protest measures," Mario Llambias, head of the Argentine Rural Confederation, told reporters.

Unless progress is made, he warned, farmers will on June 9 step up efforts to ensure the "the solutions the sector needs are achieved by legislative process."

President Cristina Fernandez's government hiked export taxes on select grains in March, unleashing weeks of strikes that triggered food shortages and protests nationwide. One march drew about 300,000 people in the town of Rosario on Sunday.

Fernandez contends the tax increases are needed to redistribute wealth to the poor, but farmers say the taxes make it difficult for them to make a living. (Associated Press)

Feedlot wheat a new variety

For the first time, a wheat variety targeted to the feedlot industry has been launched in Australia.

Crops of the variety, called Stampede, have been planted in Queensland and New South Wales.

Plant breeder Dr Phillip Banks, from Queensland's Department of Primary Industries, says it'll answer a growing need for good quality rations for feedlot cattle.

"What the livestock industry's been asking for are higher yielding wheats," he said.

"The industry's quite happy with the energy levels in existing wheats, but they want something that's higher yielding, so that there's more wheat for that market." (ABC Rural)

Parmalat, Murray Goulburn would split Dairy Farmers

Dairy cooperative Dairy Farmers would be split in two if Parmalat and Murray Goulburn take over the business.

According to a letter released by the Australian Competition and Consumer Commission to market participants, the Parmalat-Murray Goulburn consortium's proposed transaction would result in two separate dairy businesses, each with its own particular dairy industry focus and each separately controlled.

While no precise details were disclosed, one company, to be called Fresh Dairy Co, would see the merging of the fresh milk operations of all three companies, and control about 50% of Australia's branded liquid milk sales.

Parmalat would hold a 51 per cent stake in Fresh Dairy, with Murray Goulburn holding 49 per cent .

Meanwhile, Murray Goulburn would acquire the non-fresh dairy operations of Dairy Farmers, including cheese, UHT milk and milk powder. Dairy Farmers has also attracted firm offers from National Foods and Fonterra. All bidders are awaiting ACCC approval. (FoodWeek)

U.S. Beef to Hit Korean Markets in June

U.S. beef imports will likely hit Koreans' dinner tables some time in early June. Official announcement of negotiation terms by the agriculture ministry is expected early this week. This will give the go-ahead to a quarantine inspection on 5,300 tons of U.S. beef cuts that have been waiting in the nation since last October. Korean inspectors who left for the U.S. to look into quarantine measures there about two weeks ago will make their final report Monday. The new beef deal signed last month allows more beef parts with the exception of specified risk materials into the Korean market. Letters between the two nations' top trade officials, with additional clarifications, will be added as supplementary provisions to the original agreement. In the letters, the U.S. recognizes that materials considered risky will be held to the same standard for import to Korea as for its domestic market. And they add that Korea has the right to ban imports in case of a health threat due to a mad cow disease outbreak in the U.S. (Arirang News)

West Australia Grain Areas to Get Rain, East to Stay Mostly Dry

Grain-growing areas in Western Australia, the nation's biggest wheat producer, may get more rain this week, adding to recent falls, while southern and eastern parts will mostly remain dry. Western Australia's cropping regions may get as much as 25 millimeters (1 inch) of rain, Shoni Dawkins, a climatologist at the National Climate Center, said today by phone from Melbourne. South Australia and Victoria states will mostly be dry this week, while an upper-level trough may bring isolated showers and thunderstorms to New South Wales and Queensland states, he said. New South Wales, usually the nation's second-largest grain grower, hasn't yet had enough rain to sow crops and needs as much as 1 1/2 inches for planting, AgRisk Management Pty said last week. Drought spread in the state and rain was "crucial" within three weeks, New South Wales' agriculture minister said May 12. "Unlike Western Australia which seems to be receiving the cold fronts and the low-pressure systems in the past week and again this week, we're just not seeing those features over the eastern part of the country," Dawkins said. The south-east of South Australia state and Victoria may get isolated showers today or tomorrow, Dawkins said. South-east Queensland state may get as much as 10 millimeters of rain later in the week, he said. (Bloomberg)

Ridley board rejects Graincorp offer

The board of agribusiness company Ridley Corporation has rejected a takeover offer from GrainCorp. The offer, made late last week, values Ridley at \$415 million dollars. Ridley chairman, Dr John Keniry, says the offer is opportunistic, and a number of major Ridley shareholders don't support it. He is not surprised there is some jockeying in the grain trade after the demise of AWB limited's single desk for export wheat.

But Dr Keniry says the government should stop companies getting too big and powerful in the grain sector.

"When you start to get people aggregating back up to the dominant position that AWB used to have, then it's appropriate for the competition regulators to ask what's going on here." (ABC Rural)