

# The Kiplinger Agriculture Letter

FORECASTS FOR AGRIBUSINESS DECISIONMAKERS • Vol. 77, No. 8

Dear Client:

Washington, April 13, 2006

Expect more oversight of animal welfare by government and industry in coming years, as animal rights and consumer groups press for more measures to treat livestock better.

#### MANAGING LIVESTOCK

Despite steady advances in husbandry that have improved the care of animals and reduced production costs in recent years...

Further safeguards are coming as part of the new farm bill in 2007 or 2008. Also, the World Org. for Animal Health, known as OIE, has issued new guidelines on animal care. And food market forces are advancing, too, as growing consumer concern about the treatment of farm animals is pressuring agribusinesses into implementing more measures on animal care.

Congress will consider several animal welfare issues as part of the farm bill debate, some of which have big economic implications. One proposal would ban the slaughter of nonambulatory livestock. Such a ban is already in effect for cattle, but if it were extended to hogs, for example, it would hurt hog sales. Why? Many hogs lie down when they're feeling stressed while en route to the slaughterhouse. New limits on the slaughter of horses are also being mulled by Congress.

There's pressure to improve farm and slaughterhouse practices. It's driven by animal rights groups and the trend toward natural foods, which have consumers paying more attention to how animals are raised. But one thing's for sure: The federal government will not get involved in overseeing how animals are treated on farms. Regulatory responsibility for farm animals will remain with state and local agriculture officials.

Livestock groups will weigh in on anything proposed in Congress.

New international guidelines set important benchmarks for farmers on transporting animals and killing them for food or for disease control. For instance, OIE rules spell out how countries should control avian flu.

The rules are voluntary, but U.S. firms could lose foreign sales if other nations were to cite violations and use them to stop exports.

More world guidelines are on tap: In 2007, OIE will propose steps covering the care of animals used for medical and other research.

In 2008, another set of standards will address care of animals on farms. They'll influence what meat packers and food firms will ask of farmers and ranchers in the future as those standards become commonly observed.

The food industry will keep raising the bar on animal welfare to please consumers who expect eggs and dairy products to come from benevolent farms and meat from animals killed humanely. Worldwide, a third of big food retailers impose animal welfare rules on suppliers.

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