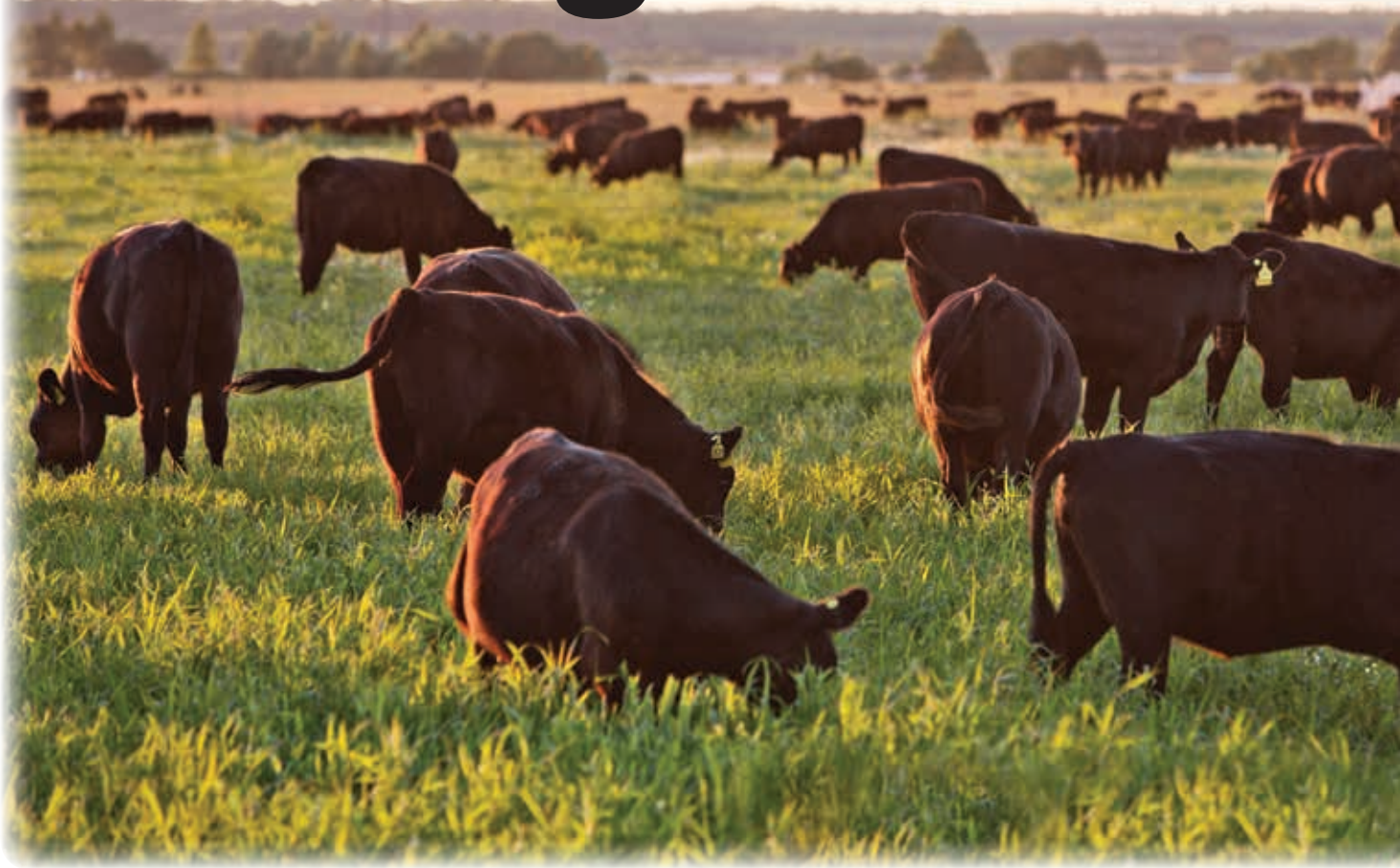


# Starting With the



## Continents connected by high-quality beef.

by **Steve Suther**, *Certified Angus Beef LLC*

**A**mid the forest-rimmed meadows and newly cross-fenced pastures of western Russia, a quarter-million young beef cows earn their keep by producing high-quality beef while building rural communities and a sustainable future for families on two continents.

The *Certified Angus Beef®* (CAB®) brand began production and sales in Russia this spring through licensed partner Miratorg Agribusiness Holding, said Certified Angus Beef LLC (CAB) President John Stika.

Most of those cows are commercial purebred Angus, sourced mainly from the United States during the last eight years, and spurred by Russian loan subsidies aimed at building a modern food supply chain. A large share of them belong to Miratorg.

### Creating a partnership

Founded in 1995 in Moscow and already



# Best in Russia



► This stamp is used to identify carcasses qualifying for the CAB brand in Russia.

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a leader in pork and poultry, company executives researched beef production systems. They were familiar with CAB from the imported product in Russia since 1998 until recent years, and on later visits to the United States that included shopping for Angus genetics and initial training in American ranch management.

The world's leading brand of fresh beef became a logical end target for the North American-style plan Miratorg announced in 2009 as it began to build up dozens of cattle ranches south of Moscow in the Bryansk region. Its leadership team reached out to CAB in 2011 to explore mutual opportunities, which have been discussed in CAB board meetings since 2013, according to minutes.

"A big part of our rationale was the potential to represent U.S. producers' interests in markets where CAB trademark equity might otherwise be at risk," Stika said. "The only way to prevent that from being eroded in various corners of the market is to create strategic relationships with those around the world who share our mind-set."

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► Bryansk Meat Co., Bryansk, Russia, packaged the first CAB® product ever produced outside of North America, a CAB Prime ribeye. Pictured are (from left) Kenneth Riberholdt, head of beef slaughter and processing; CAB staff Clint Walenciak, Geof Bednar and John Stika; Alexander Mezenzev, fabrication supervisor; Oleg Sitnik, director of marketing; and Slava Borisovskiy, junior brand manager.

## Starting With the Best in Russia

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USDA's Foreign Agricultural Service (FAS) reports Miratorg plans to purchase 35,000 more Angus cows to help fill the supply chain intended to harvest 400,000 cattle per year from its 47 farms.

All told, FAS estimates more than \$300 million in U.S. beef cattle sales to Russia in the last five years, most of that in 2012. Another 80,000 beef cows are expected to enter the country this year, USDA reports said.

Such growth in the beef sector is in contrast to a continuing decades-long liquidation of the Russian cattle herd, mainly dairy or dual-purpose types not known for quality.

Some imported cows have come from Australia, but as most are from the United States, Miratorg is an active member in registering cattle with the American Angus Association, Stika noted.

After several trips to Russia, he said the scale and quality of build in just five years is "impressive." No less impressive is the commitment to integrity and the means to assure it at every level.

"It's rare to have the opportunity to



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engage with people starting from scratch, and we've been glad to work alongside Miratorg's team in delivering high-quality beef to their customers," Stika said. "While this partnership has great potential for Russian agriculture and consumers, it stands to strengthen the global reach and reputation of the *Certified Angus Beef* brand. That fuels

pull-through demand for American Angus genetics and benefits American ranchers."

### Ensuring quality

Carcasses certified in Russia must meet the same 10 quality standards established in the United States and also applied in Canada since 2000, Stika noted.



► As in North America, all cattle are inspected for wholesomeness and safety in Russia, but the country has no quality-grading system. That's why the new processing plant utilizes the same state-of-the-art carcass imaging technology proven and used in North America to decide which beef earns the brand.

“The decision to expand beyond North America for the first time and work with the Miratorg team was not taken lightly,” he said, “but our relationship has grown over four years as we found so much in common. We have worked to implement systems and best practices that allow checks and balances and assure the integrity we all want.”

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“The carcass-grading images, as well as video, from strategically identified areas in the plant are live-streamed to our offices in Wooster, Ohio, where staff are committed to daily audits that verify integrity,” Stika said. “Miratorg has graciously met all of our requests to have both real and virtual access to data and information to protect the brand’s integrity, partly out of practical necessity, but equally a voluntary Miratorg commitment to transparency.”

CAB did not set out to expand production into Russia or any other region, he added. Yet the huge, existing Russian investment in U.S. Angus genetics “provided the opportunity to ensure quality from the start.” While U.S. quality grades have lately risen above 5% USDA Prime, the Miratorg herd starts at 20% to 25% hitting Prime-equivalent marbling scores.

“Fundamentally, this was a decision about aligning with people committed to the same values and using best practices that ensure integrity, quality, safety and care at every step,” Stika said.

As a global brand, CAB does business with partners in 50 countries around the world.

“In every market, political dynamics are outside of our control, but our role is to support our partners in bringing quality products to consumers,” Stika said.

Production of the brand in Russia, initially modest and focused on middle meats for foodservice customers, can grow with CAB’s

## The view from Oklahoma

The new *Certified Angus Beef*® (CAB®) brand partnership with Miratorg Agribusiness Holding and production in Russia “offers a lot of opportunity to us as breeders and as a brand,” says John Pfeiffer, chairman of the Certified Angus Beef LLC (CAB) Board of Directors and Angus breeder from Mulhall, Okla.

“Miratorg has invested in quality from the start, so it was a natural fit to consider this relationship,” he says. “This whole initiative started when Miratorg began building a herd based on superior Angus genetics. They made a large investment in our U.S. genetic base, importing most of their cows from our country and registering many of them with the American Angus Association.”

Pfeiffer says the same commitment went into their packing plant, where investments in technology allow the company to produce beef that meets all CAB specifications.

“They’ve put safeguards in place to assure quality at every step,” he adds. “They share our vested interest in making sure the brand is the same high quality coming out of their plant as it is out of our existing licensed packing partners in the U.S. or Canada.”

Through this partnership, consumers worldwide gain more access to the high-quality beef they desire,” says Pfeiffer. “It also promotes our U.S. Angus genetics, builds our database and adds value to our cattle. As an Angus breeder and consumer, those are all great things.”



► CAB Board Chairman John Pfeiffer, Mulhall, Okla., said he appreciates the common values of “capitalism with integrity” that Miratorg represents.

active role in market development in Russia (closed to U.S. beef since 2013) and in other countries like Saudi Arabia that now have limited access to the brand.

“That kind of involvement positions us to protect the use and equity of our trademark in international markets,” Stika added. “Together, we’re working to reduce confusion among customers and consumers, rather than allow it to worsen as more and more Angus brands arise and liken their various products and brands to ours.”

Premiums paid to U.S. producers depend on the growing strength of worldwide demand for the brand they own, he said.

“Many companies around the world play off the value and equity American farmers and ranchers have created in CAB,” Stika said. “A stronger brand that’s part of the Russian market is better for U.S. Angus breeders than

leaving much of the world to freely leverage the brand in our absence.”

CAB Board Chairman John Pfeiffer, Mulhall, Okla., said he appreciates the common values of “capitalism with integrity” that Miratorg represents.

“Working with them as they build a Russian beef community and infrastructure complements and supports our mission, and that of everyone who uses registered-American-Angus genetics to produce premium beef,” Pfeiffer said. “As an active member of the Association, Miratorg will register cattle and help build our database while paying commissions to the brand, supporting global growth and trademark security.”



**Editor’s Note:** Steve Suther is director of industry information for Certified Angus Beef LLC.

