



# Sharing Expertise & Experience

The Phoenix Civic Plaza and Convention Center in Phoenix, Ariz., was the site of the 1993 National Cattlemen's Association (NCA) Convention and Trade Show. "Sharing Expertise & Experience," was the theme for the convention.

Expert speakers were brought in to share their experience with cattlemen and cattlemen. Convention attendees were also asked to share their experience. The goal was for cattle producers to learn something new that helps improve their operations and their bottom lines.

Washington Post columnist and political analyst Mark Shields and football great Bart Starr were among the featured speakers at the convention.

While in Phoenix, cattlemen and cattlemen had the opportunity to help determine the industry's policies for the coming year, participate in educational seminars and enjoy a wide variety of entertainment, featuring Lee Greenwood.

The convention included meetings of NCA's committees and councils and member action on major policy issues facing the cattle industry. NCA policies for the coming year were adopted at the annual business meeting Jan. 30. In addition, 1993 officers were elected at the annual business meeting.

Three prestigious awards were presented during the NCA convention, including the Environmental Stewardship Award, the Cattle Businessman of the Year and the Top Hand Award for membership recruitment.

A new feature at the convention was the "Cattlemen's College," which included a wide variety of educational seminars designed to help participants gather cutting-edge information on topics such as spokesperson training, Integrated Resource Management, total quality management for feedlots, the environment, genetic management, land values, total financial planning, beef quality assurance and credit options for cattlemen.



The 1993 NCA officers are (l to r): Bob Drake, Davis, Okla., first vice president; Roger Stuber, Bowman, N.D., president; and Dan Koons, Shirley, Ill., president-elect.

The huge NCA Industry Trade Show, featuring more than 200 exhibitors and more than 400 booths, attracted steady crowds throughout the convention. Companies displayed and demonstrated products, services and equipment of interest to producers.

Cattle-Fax held its annual cattle-industry outlook seminar on Jan. 30. Cattle-Fax analysts and speakers examined the factors expected to determine beef supply, consumer demand and cattle prices in the 1990s.

In conjunction with the NCA meeting, the American National CattleWomen Inc. also held its annual convention.

## 1993 NCA Officer Team Named

Roger Stuber, Bowman, N.D., was elected 1993 NCA president. The election took place during the annual business

meeting at the association's convention in Phoenix.

Following his election, Stuber told NCA membership that they must all stand up and become advocates for the beef industry. "We must take personal responsibility for improving the quality in our business. We have all got to stand up and become advocates for the beef business — in our communities, our states, our capitol and in Washington, D.C.," he said.

Stuber is the owner-operator of Stuber Hereford Ranch, a registered and commercial cattle operation in southwestern North Dakota. He is a graduate of the University of Wyoming with a degree in animal science.

Stuber has held numerous leadership positions in the beef industry, including president of the American HerefordAsso-

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ANCW 1993 Officers are (l to r): Betty Grum, Ohio, second vice president; Marilyn Weber, Colorado, first vice president; Eleanore Jones, Wyoming, president-elect; and Becky Terry, Texas, president.

## CattleWomen Elect New President

Becky Terry, Alpine, Texas, was elected 42nd president of the American National CattleWomen Inc. (ANCW) at the 1993 convention in Phoenix, Jan 30.

"There are four vital ingredients in my recipe for success for the American National CattleWomen," said Terry. "Be interested; be well informed believe in what you are doing; and above all love agriculture!"

"My focus for the year will be 'reclaiming our heritage' in education, promotion, legislation and humanitarian projects," said Terry.

While planning to emphasize education during her term, the development of the Beef Ambassador program is of special interest to Terry. "Realistically many young people do not have the opportunity to farm or ranch," said Terry, "but through the Beef Ambassador program they can have the opportunity to learn about beef and help educate others about its merits. I hope that ANCW will be able to offer scholarships in nutrition, food service, hotel management, agricultural communications and other related fields to the winners in this program. With our volunteer CattleWomen, the project, as I envision it, will encourage students of inner-city schools to be involved and compete for college scholarships."

Down the road she sees this project reaching the same stature as the National Beef Cook-Off®. "I know it is an ambitious dream, but it is an attainable one. Nothing is impossible with the American National CattleWomen!" Terry said.

Terry has had a strong presence in ANCW with 1993 marking 20 years of involvement. As an ANCW member she has served in a variety of capacities including president of the Texas CattleWomen and the West of the Pecos CattleWomen; co-chairwoman for the 1982 National Beef Cook-Off® held in San Antonio, Texas; representative to the board of the National Live Stock and Meat Board; and chairwoman of the ANCW budget committee, beef gift certificate committee, CattleWoman of the Year committee and consumer relations committee. As guest of the U.S. Meat Export Federation, Terry served as beef industry spokesperson for the U.S. Beef Cook-Off in Taiwan and Hong Kong in 1992.

She has been active in all aspects of the beef industry from serving as a member of the Texas Beef Referendum steering committee and on the board of directors of the Trans Pecos Davis Mountain Heritage Association to member of the Texas 4H Foundation board of directors and the Highland Hereford Association.

A fifth generation Texan, Becky and her husband, King, raise purebred Hereford cattle, Angora goats and registered Rambouillet sheep in Brewster, Sterling and Schleicher counties, while residing in Alpine.

Terry holds a master's degree in biology from Sul Ross State University in Texas.

He has served on the NCA board of directors; has served as an NCA regional vice president; and is a past president of the NCA seedstock council.

Dan Koons, Shirley, Ill., was named president-elect of NCA. Koons has been the farm manager for Funk Farms Trust since 1971. This operation includes 2,000 tillable acres and a 1500-head cattle feedlot.

He is an animal science graduate of Southern Illinois University. Koons' involvement in the beef industry has been extensive. He has served as president of his county and state livestock associations as well as chairman of the Illinois Beef Council. He has served on the NCA board of directors; has served on the NCA marketing committee; and is a past chairman of the NCA agriculture policy committee.

Bob Drake, Davis, Okla., was elected to the NCA officer team to serve as first vice president. Drake has co-owned and operated Drake Farms, a purebred and commercial Angus operation, with his brother, Tom, since 1964.

He graduated from the University of Oklahoma with a degree in business administration. He has served the beef industry on the local and national level in a variety of leadership positions. Drake served as president of the Oklahoma Cattlemen's Association. He is also a member of the Texas & Southwestern Cattle Raisers, the American Angus Association and the Kansas Livestock Association.

Drake has served on the NCA board of directors and has served on a number of NCA committees, sub-committees and task forces. He served as chairman of the NCA agricultural policy committee in 1991 and 1992.

NCA is the national spokesman for the beef cattle industry. It represents 230,000 professional cattlemen, including members of 75 affiliated state cattle and national breed organizations.

## Cattlemen Must Maintain Proactive Stance

Jimme Wilson, retiring NCA president called on cattlemen and cattlemen to maintain a "proactive" approach in dealing with the environment and other public issues.

If the industry is to improve its image and be more successful in the public affairs arena as well as in the marketplace,



producers must take positive actions, not just react to criticism of beef and beef production practices, Wilson said.

Sneaking at the opening general session of NCA's 1993 convention, Wilson observed, "We definitely are becoming more proactive. We are not just putting out tires. We still have our critics; we still run into public relations problems. But we have discredited our most severe critics, and we are gradually improving our image among thought leaders and consumers."

In government affairs work, too, NCA is anticipating problems and opportunities and moving ahead in a more positive way than in the past.

Wilson had three specific suggestions for members:

1. Consider being a spokesman on environmental and other issues in your own community, in your own state. Become one of NCA's Myth Busters — a specially trained corps of grassroots spokespersons for the beef industry.

2. Help increase NCA's clout in Washington. Be involved yourself, and also go out and sign up a new member. Our effective-

ness on Capitol Hill relates directly to the involvement and strength of NCA and affiliate membership.

3. Continue to be a good steward of the resources for which you are responsible. Work for improved quality in all aspects of your business — including management methods as well as beef products. Our image, our opportunity for profits, can be no better than our products, no better than the collective actions, or inactions, of industry members.

Wilson noted that the industry often is a target of radical environmentalists and government regulators because cattlemen and cattlemen own or manage more land than any other industry. Grazing land alone accounts for more than 40 percent of the 1.9 billion acres of land in the contiguous United States; it represents two-thirds of the nation's agricultural land. Add crop and hay land controlled by cattle producers, and one sees that we are responsible for more than half the U.S. land area.

"That situation may be a problem in some respects," Wilson said. "But it's also a strength. When we get into debates about wildlife or water quality, let's remember that we represent more than half the land under debate. The cattle industry is a sleeping giant. If we are proactive, if we are united and speak with one

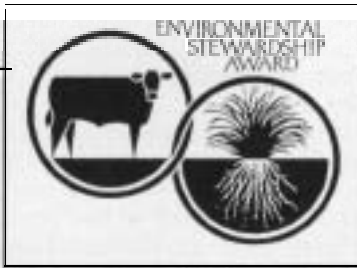
voice, we can deal effectively with our challenging issues.

"We must truly be good stewards of our land resources, and then project an image of responsibility and strength... We can be proud of our conservation and management practices. We don't have to cave in to the radical environmentalists. We must continue to do good things and then stand up and take credit for them."

Wilson listed several "proactive" NCA and industry projects which are improving cattlemen's performance and, at the same time, improving the industry's image. The programs include projects leading to beef with less excess fat, while maintaining palatability; beef quality and safety assurance programs now in place in 41 states, covering virtually all of the fed beef supply; a new National Feedlot Quality Award program; the increasingly successful Environmental Stewardship Awards; and the continuing Cattle Businessman of the Year Award.

"As the awards programs demonstrate," Wilson said, "the best public relations for the industry is doing good and then telling about it — not just responding to never-ending negative criticism from some of the activists."

Environment-related issues with which NCA will deal with in the new



## Texas Grass Farmer Named Top Environmental Cattleman

John "Rich" Anderson of the Muleshoe Ranch in Gail, Texas, is the 1992 national winner of the NCA Environmental Stewardship Award. NCA president Roger Stuber presented the award to Anderson Jan. 30 at the association's annual convention in Phoenix.

Anderson received the national award in recognition of the aggressive grassland improvement program that he and his wife, Barbara, have carried out on the Muleshoe. By significantly reducing soil erosion, the Andersons have increased forage production 400 percent and dramatically improved water quantity and quality in a regional water basin that serves four West Texas cities.

"Rich Anderson and his family exemplify the positive efforts that cattle producers all across the country are making to protect and improve natural resources," Stuber said. "The Andersons illustrate how cattlemen are working to improve the environment while at the same time operating a profitable cattle business. Cattle producers like the Andersons are ensuring that the beef cattle business will be around for a long time."

Commenting on Anderson's accomplishments, Texas senior senator Phil Gramm said, "Rich Anderson exemplifies the efforts that beef cattle producers have made in achieving a balance between environmental protection and economic stability. The beef cattle industry is important to the Texas economy, and efforts by Mr. Anderson and other ranchers illustrate that cattlemen are important to the environment as well."

Anderson was nominated for the award by the Texas & Southwestern Cattle Raisers Association. He was chosen by a national selection committee which included representatives from the U.S. Department of Agriculture, U.S. Fish and Wildlife Service, the Environmental Protection Agency, the National Audubon Society, the Isaac Walton League of America and The Nature Conservancy.

He competed against six other cattlemen who were winners of regional competitions. They included: Region I, Lawrason Sayre & Family, Waffle Hill Farm, Churchville, Md., sponsored by Maryland Cattlemen's Association and American Angus Association; and Region VII, David and Loretta Hamilton, Reed Hamilton Ranch, Thedford, Neb., sponsored by Nebraska Cattlemen. To receive the award, winners have to demonstrate innovative environmental management practices that also contribute to improved productivity and profitability of their cattle businesses.

The Muleshoe Ranch supports nearly four times as many cattle as it did 40 years ago. "I think the real turning point came somewhere around 1960 when I realized that if I was going to be successful here, I would have to be a grass farmer first and a cattleman second," Anderson said. "It is our responsibility as stewards to conserve the land or we will lose the use of it."

Trees that dot the Muleshoe, especially along stream banks, provide habitat for a variety of wild animals, and

wildlife populations on the ranch have increased significantly. Turkey and deer, not present since 1950, have returned and the Muleshoe is one of the few areas in Texas where antelope numbers are increasing. The ranch also supports large numbers of quail, dove, songbirds and other upland wildlife.

"Anderson is a good example of the concept that conservation pays," said Joseph Williams, chairman of the board of governors of The Nature Conservancy and a member of the award selection committee. "Anderson restored a ranch that had virtually reached the end of its productive life by returning it to the natural condition that existed prior to the turn of the century. By practicing good conservation techniques, he has returned the Muleshoe Ranch to sustainable productivity and proved that economic needs are compatible with protection of nature."

The Environmental Stewardship Award program is made possible by a grant from Pfizer Animal Health.



*This year's NCA Environmental Stewardship Award winners include Angus producers (left) David and Loretta Hamilton Thedford, Neb., and (below) Lawrason Sayre, Churchville, Md.*





Congress include reauthorization of the Endangered Species Act and the Water Quality Act. Wilson noted that NCA had assumed a leadership position on these issues. For example, NCA chairs two endangered species coalitions which involve a broad spectrum of groups, including timberland owners, tree farmers, miners, sawmill workers and fishermen, as well as agricultural groups.

"A bigger bureaucracy, still more restrictions on the private sector, won't provide real solutions to environmental problems,\* Wilson warned. "The most promise for Planet Earth lies in tapping the free enterprise system and extending individual property rights — principles which

account for America's strength in producing food and also in protecting the environment. It is up to us in NCA to turn environmental challenges — challenges that sometimes are perceived as a negative— into a real positive.

### **James Anderson Named Top Cattle Businessman**

The National Cattlemen's Foundation named James Anderson, Anderson Farms & Cattle Company Longmont, Colo., as the 1993 "Cattle Businessman of the Year." This prestigious award was presented at the NCA convention in Phoenix.

The award is presented each year to a cattleman who has demonstrated an innovative, successful approach to the business of cattle production. Don Butler, a past president of NCA and chairman of the board of the National Cattlemen's Foundation, said that Anderson combines

available technology with his own resourcefulness to set the standard for a modern family-run operation.

"This award recognizes the business professional in today's cattle industry and Jim excels in all classifications," Butler said.

Anderson Farms & Cattle Company is a farming and cattle feeding operation located near Longmont. Anderson was recognized for his successful and innovative business practices including conservation tillage, manufacturing much of his farm equipment himself and good use of modern technology. He has won several national awards for his conservation of soil and water. Active in industry affairs, Anderson is the current president of the Colorado Cattle Feeders Association and has been involved in NCA, Cattle-Fax, and the Colorado Agriculture Leadership program. He has spoken to hundreds of



groups including Rotary Clubs, Lions Clubs, Jaycees, church groups and industry groups. He continues to be very active in local, state and national affairs.

The award is sponsored by two subsidiaries of Cargill Inc. — Nutrena Feeds and Cargill Investor Services.

## **Cattle Producers Gear Up To Tell Their Story**

Cattle producers have one of the best stories to tell of any business in America and now they're ready to tell it, according to Pat Adrian, NCA public affairs committee chairman, from White River, S.D.

During the NCA convention, Adrian announced a comprehensive industry communications campaign that will help members tell that story.

"We're one of the best kept secrets in America. We're the biggest segment of American agriculture, representing nearly one-fourth of all farm marketings. Yet people don't know about us because we've been spending our time hard at work out in rural America, raising the beef they eat," said Adrian.

"Through this campaign, we'll be letting consumer thought leaders and the general public know that American cattlemen are still out there; that we're family farmers and ranchers with a vested interest in protecting the environment and in responding to consumer demands. We still have many of the same traditions that Americans associate with cattlemen who settled the West (like hard work and independence), but we're now in every single state of the union and we've modernized our business practices as much as anyone."

Prior to developing the program, NCA conducted attitude research, which showed that the general public has very favorable attitudes about cattle producers.

Adrian said there are many "good news" stories about the cattle industry that haven't been heard yet, including the fact that producers have been responsive to consumer demands for beef that is lean and a good value, and are responding on other issues, such as environmental stewardship and production of safe beef.

Adrian added that most people don't know the cattle business is a family business, made up of nearly one million families who are committed to doing a good job of producing beef for today's consumers. In fact, forty-two percent of U.S. cattle farms and ranches with more than 100 head of cattle have been in the same



family for more than 50 years.

In the past two years, NCA's tracking of consumer news media coverage of cattle industry issues, in the top 130 newspapers in the country, has shown that news articles dealing with cattle production and the environment have accounted for the most serious misinformation about the cattle business.

Environmental activities to be highlighted during the NCA's industry communications campaign include the NCA Environmental Stewardship Award and positive efforts in areas such as land use, water quality wildlife habitat and beneficial management of renewable resources. The industry communications campaign will also communicate initiatives such as the industry-wide Beef Quality Assurance Program, the industry's war on fat and use of Integrated Resource Management.

The industry communications campaign is part of the Industry Information program, which is a checkoff-funded program conducted under contract with the Beef Promotion and Research Board.

## NCA's Seven Programs Share Common Goal

The cattle producer and the consumer — that's who ultimately benefits from seven key programs initiated by NCA.

The seven programs — Beef Quality Assurance, Value-Based Marketing, Carcass Data Collection Service, National Feedlot Quality Award, Integrated Resource Management, Instrument Grading Research and Carcass Genetic Research — are aimed at enhancing the opportunities for profit-making by producers and giving beef a more positive, more competitive position among available protein sources. Although all the programs share this common goal, each program is independent and employs different techniques, different avenues to reach that end objective.

"The mass of information from the studies of the various issues have made it clear what the cattle industry must do," said Darrell Wilkes, NCA's vice president of research and industry information. "These issues directly affect opportunities for cattlemen to make a profit. And, knowing that these things must happen, the members directed NCA as the national trade association representing the cattle industry to get on with it.

"Beef needs to maintain marketshare,

and not one singular activity can do that. It takes a coordination of several activities. With these initiatives, NCA is striving to help cattlemen produce a more consistent quality product that the people have confidence in and can afford."

The programs are producer-driven, with numerous people serving as valuable team players within the programs and their respective committees. Many more members, however, are utilizing one or more of the programs within their ranching or feedlot operations and are enjoying the benefits of them.

The programs and their benefits are extending beyond just NCA members. At last count, more than 70 percent of the producer education programs conducted by the Extension service have focused on one or more of the NCA programs.

## Beef Quality Assurance

The industry's Beef Quality Assurance (BQA) program has expanded into 41 states. Up until now, it has focused primarily on residue avoidance and elimination of injection-site lesions.

Through the efforts of the BQA program, the reduction of injection-site lesions has resulted in a savings of approximately \$20 million to the beef industry. With funds secured through March 1994,



this Checkoff-funded program will be expanded to deal with non-conformities quantified in the National Beef Quality Audit.

Mike Bowles, chairman of the Beef Quality Assurance Task Force, said the interest shown in this program by producers has been phenomenal. He added that those involved in today's cattle business are concerned about food safety and the public perceptions of beef.

"This program is proactive in addressing the food safety issue," he explained. "It involves producer and veterinarian education and training and relates to day-to-day management practices that'll influence the production of safe, wholesome beef, free of quality defects.

"The information gained through the Beef Quality Assurance educational programs is a must for the '90s."

### Value-Based Marketing

NCA began fighting the "war on fat" more than two years ago with its Value-Base Marketing Task Force. A report issued by the Task Force pointed out that

we must address the issue of fat: Fat must be reduced to meet consumer demand for a leaner product.

Players in this area constantly monitor the volume of quarter-inch trim boxed beef traded and will alert producers about changes taking place in the marketing system.

"Waste fat is by far the largest cost identified by the recently complete National Beef Quality Audit," said Eddie Nichols, cattleman from Wauneta, Neb. "Reducing this waste fat would lower the cost of producing and marketing beef and improve beefs competitive position relative to other meats."

Strategic Alliances, a demonstration project of value-based marketing, is attempting to show how much of the \$280 identified in the National Beef Quality Audit can be retained in the system if all sectors share information and do as much right as possible.

The value-based marketing initiative is funded with Beef Checkoff dollars. Strategic Alliances is funded by non-Checkoff sources, including state and national industry organizations. Sponsor organizations are American Angus Association, American Brahman Breeders Association, American Gelbvieh Association, American Hereford Association, American Polled Hereford Association, Ameri-

can Salers Association, American Simmental Association Beefmaster Breeders Universal, North American Limousin Foundation, Montana Stockgrowers Association, North Dakota Stockmen's Association, American Meat Institute, Beef Industry Council, Cattle-Fax and NCA.

### Cattlemen's Carcass Data Service

The Cattlemen's Carcass Data Service started collecting data March 1992. To date, data has been collected on approximately 19,000 head. The project's goal is to obtain data on 35,000 head this year and on 50,000 head in 1994.

Funded in part by the Kansas Beef Council, this program is designed to enhance the competitive position of beef by increasing the quality. The service allows producers with any size herd to obtain individual carcass quality and cutability information on cattle they produce. By obtaining this information cattle producers can pinpoint potential problems in breeding or management and work toward increasing the quality and consistency of the beef they produce.

The service also allows producers to discover if their cattle are performing above, average in carcass composition and more effectively market their cattle. Fees for the service range from \$3 to \$5 per head.





"Before cattlemen can change their product, they need to know where they are," said Jan Lyons, an Angus producer from Manhattan, Kan. "This program tells cattlemen what's under the hide. It removes the guesswork and provides cattlemen with valuable carcass data so they can identify sires with superior carcass traits.

"It ties in beautifully with several of NCA's other programs, like the carcass EPD research and value-based marketing, and will help us produce a more competitive product for the marketplace that the consumer will find more consistent in quality."

### **National Feedlot Quality Award**

Although the first award will not be presented until January 1995, cattle feeders, large and small, have shown strong interest in this award. Those interested gained initial information about the award process during Cattlemen's College at this year's NCA convention.

Bill McCoy, executive vice president of West Plains Feedyard Inc., Friona, Texas, pointed out that this issue-conscious program zeroes in on concepts of total quality management. When successfully applied, these concepts tailored for the feedlot industry can help feedlot businesses realize internal and external benefits.

Internally, he said, the program serves as a motivating factor to employees and builds customer rapport. Externally, earning a National Feedlot Quality Award can be "extremely satisfying."

"But winning an award is minor when you look at the overall picture," McCoy said. "By applying the concepts of TQM, feedlot operators can lower their operating costs significantly. And these lower costs can then be passed on to the consumer to enhance beef's competitive position in the marketplace.

"Additionally, by taking an in-depth look at the product he sells, the feedlot operator can learn if he's delivering a quality product to the packing plant and to the consumer. If he's off-target, then he can make adjustments."

### **IRM**

With a boost from SPA, or the Standardized Performance Analysis, Integrated Resource Management (IRM) is proving to be a valuable program to bottom-line-conscious cattlemen

By employing the IRM concept, producers recognize that all angles of a busi-

ness must be considered to improve profitability. And by going a step further and having an annual SPA, they have heeded the message from bankers that their financial statements must be presented in a standardized format.

SPA is also providing bankers and producers with another advantage. Soon they will be able to legitimately compare expenses to those of other producers, thanks to the creation of a national data base for SPA.

IRM has a tangible product — the redbook. This pocket-sized information recorder proved extremely popular, with all 70,000 IRM redbooks distributed this year by mid-January.

Jim McAdams, chairman of the National IRM coordinating committee, has employed the IRM/SPA concept in his family's cattle operation. He calls IRM the "best method to optimize the use of all of a ranch's resources to maximize its efficiency and profitability."

"Through IRM, the beef industry and individual ranchers have developed a closer working relationship with veterinarians, accountants, lenders, the Extension service, researchers and technical experts such as range and animal scientists, and ranch management specialists," McAdams said. "As a result, ranches that have used IRM have been able to improve their efficiency, their profitability and their natural resources. New tools such as SPA are being developed through IRM to assist in these improvements."

### **Instrument Grading Research**

Funded by Beef Checkoff dollars and by government research grants secured by NCA, instrument grading research is being conducted at the University of Illinois and other universities across the United States. This subcommittee is monitoring and coordinating the information being accumulated.

Marshall King, chairman of the grading committee, said the industry's focus on quality and excellence has motivated cattlemen to look at their product and to seriously aim at providing a quality, competitively priced product to consumers.

"Instrument Grading Research is a natural extension to value-based marketing," King said. "We want a better means of identifying carcass quality and value."

### **Carcass Genetic Research**

Funded with Beef Checkoff dollars as well as with money allocated by Congress, carcass genetic research involves two main projects: establishing carcass EPDs and gene mapping. Both projects are starting their second year of a four-year endeavor.



"Carcass EPDs, coupled with gene marker selection, can turn the dreams of every animal breeder and producer into reality," said Burke Healey, a seedstock producer and chairman of NCA's Research and Education Committee. "We, as cattlemen, want to know which genes are necessary in what animal to let it have real carcass value and to know exactly what combination of those genes are present in every animal — heifer or bull — that we retain."

Healey said that once this research establishes these facts, then producers can almost overnight begin to make the right mating and selection decisions. Then, customers can be provided with an extremely high quality product on a very repeatable basis.

"The answers this research can supply," Healey said, "will tear away the veils of concealment and confusion that have frustrated animal breeders since the monk Gregor Mendel first established his theories of plant and animal breeding more than a century ago."

## Cattle Fax Report

### Cattle Herd Continues to Expand

Weather-caused reductions in beef tonnage have recently brought the highest fed cattle prices in two years. However, longer term trends indicate further cattle herd expansion and somewhat lower average cattle prices during the next few years.

Sneaking at their annual outlook seminar at the 1993 NCA convention, analysts with Cattle-Fax, a market information service, noted that recent abnormally strong prices for both fed cattle and feeder cattle were masking a longer-term trend to beef production increases and probable pressure on livestock prices. Beef output, after increasing modestly during the past two years, is expected to grow somewhat more rapidly during the next three or four years.

Cattle-Fax expects fed cattle prices in 1993 to average slightly lower than the 1992 level of approximately \$75/hundred weight (cwt.) for Choice steers. Feeder cattle and calf price averages may rise slightly. Averages in 1992 were approximately \$80.50/cwt. for Choice 700-800 pound steers and \$97 for 400-500 pound Choice steer calves. As always, seasonal supply and demand changes and unexpected weather and other factors are like-

ly to cause price volatility during the year. Most cow-calf operators in 1993 are expected to experience their seventh consecutive year of profitability. For the year as a whole, cattle feeding should remain profitable, although to a lesser degree than in 1992.

"One of the most important developments in 1992," said Topper Thorpe, executive vice president of Cattle-Fax, "was a significant increase in the number of heifers retained by cow-calf operators. For the first time in more than a decade, beef heifer retention increased to a level that is resulting in significant expansion of the beef cow herd. The stage is set for cow herd expansion of at least 3 percent a year for the next few years. This will mean increases in beef production of 2-3 percent a year from 1993 through 1996. After lagging for some time in their response to cyclically low cattle numbers and improvements in profitability, many cow men are now holding back more heifers for breeding and they are expanding their herds."

Randy Blach, director of market analysis and Tom Brink, director of market research for Cattle-Fax, cautioned that recent Choice fed steer prices of \$82/cwt. represented an abnormal development on the high side, just as cattle prices in the \$60's in late 1991 were an abnormali-



ty on the low side. The weakness in 1991 was caused by a lack of "currentness" in marketing and a resulting weak bargaining position. The recent strength is attributed to reductions in beef production as a result of adverse winter weather in major feeding areas, currentness in marketing, and a need for packers to "scramble" for adequate numbers of Choice-grading cattle.

Continuing periods of cold, wet weather brought increases in feedlot death losses and substantially lower average slaughter weights. Prices being paid for calves and feeder cattle will mean higher breakeven prices and possibly little or no profit on those cattle in mid-1993. Meanwhile, for cattle feeders in hard-hit areas, the recent weather-caused higher breakevens adversely affected profits, even with the exceptionally strong fed cattle prices.

Here are highlights of Cattle-Fax's observations on the outlook for 1993:

### Cattle Numbers and Beef Supplies

The industry is now in a cyclical period of herd expansion. After growing by 2 percent to an estimated 102 million head on Jan. 1, total cattle numbers will increase by 2-3 percent per year from now through the mid-1990s. Beef cow numbers, up 2 or 3 percent at the beginning of 1993, are likely to increase by another 3 percent this year, reflecting increases of up to 10 percent in heifers kept for replacement in breeding herds. Profitability during the past several years set the stage for inevitable increases in beef production — increases which are likely to continue until resulting lower cattle prices (and/or cost increases) bring substantial decreases in profitability.

Beef production, up 1 percent in 1992, is expected to increase by 2 percent, to some 23.4 billion pounds, in 1993. The continuing production growth results from larger slaughter and heavier average slaughter weights than in years past. Average per capita beef supplies (and consumption) will be an estimated 66.8 pounds retail weight, up slightly from 1992. Increases in exports, as well as a growing population, will limit growth in per capita beef consumption, which may climb to about 69 pounds by 1995.

One of the most significant industry developments in recent years has been continuing improvement in productivity, with more beef produced per cow in the breeding herd. The improvement, resulting mostly from increases in carcass size and faster turnover in feedlots, offset lit-

tle or no increase in cattle numbers for several years. Even with only modest cow herd expansion in the next few years, the total 1995 herd — perhaps 105-106 million head — will produce as much beef as the record large herd of 132 million head produced in the mid-1970s.

**Competing Meats** — Pork and poultry will continue to be competitors for beef. Pork production is now slowing, but further gains in poultry output are expected in 1993. Average per capita supplies of red meat and poultry will reach a record total of about 210 pounds, retail weight, in 1993. The large total meat sup-

ply will keep pressure on average beef and cattle prices.

**Economy and Demand** — The economy may improve this year, but expansion will be limited. After increasing for several years, average per capita spending for beef was flat in 1992, and little or no increase is foreseen in 1993. With increases in beef output and no increase in beef spending, the fed cattle price average is likely to dip. Domestic demand for beef has been stronger than many persons recognize, but consumer expenditures have not grown just recently. Competing meats as well as the economy are major factors



in the demand situation.

**Grains**— A record large corn crop in 1992 brought an increase in grain stocks and substantially lower average prices. Weather and grain production in 1993 again will be major factors determining feeding costs and prices paid for feeder cattle.

**Beef Exports** — Export demand for U.S.-produced beef continues to be a bright spot in the overall demand picture. Beef exports rose by almost 15 percent in 1992 and are expected to increase by another 10 percent in 1993. Exports now account for more than 5 percent of annual production, compared to only about 1 percent several years ago.

**Price Outlook** — Choice fed steer prices ranged from \$70 to \$80 per cwt. in 1992, averaging approximately \$75 for the year. Prices this year are expected to average between \$73 and \$75. Assuming the industry remains current in its marketings, prices are likely to peak seasonally in the early spring and then drop off to the year's lows in late summer. Feeder steers weighing 700-800 pounds are likely

to average between \$79 and \$83 in 1993. Prices of steer calves averaging 450 pounds are likely to average between \$96 and \$102. Average wholesale and retail beef prices may show little change. The 1992 retail average was \$2.85 per pound, for Choice beef.

**Profitability** — Total cattle sales dollars available to the industry will be similar to 1992 levels. With somewhat larger slaughter and beef supplies, average wholesale prices per pound of beef are likely to dip a little. Most cow-calf operations, especially those with average to lower per-unit costs, should remain profitable in 1993. Profit margins for stocker operators will narrow. Margins for feeders should be profitable at least during the first part of the year. Some losses are possible during part of the year. For the year as a whole, the feeding industry should be profitable in 1993, but to a lesser degree than in 1992.

**Industry Structure** — Recent trends are expected to continue. These include a gradual decline in numbers of cow-calf operations, part of agriculture's trend to larger and fewer operations; further consolidation in the feeding business; more consolidation in packing because of attrition among less efficient plants; and additional contractual arrangements and coordination among businesses in the differ-

ent industry segments, such as more contracting for cattle supplies and retained ownership by cow-calf operators. Increasing emphasis on cattle and meat quality and consistency — including closer trimming of wholesale and retail cuts — will hasten trends to coordination of production and marketing.

## NCA Members Set Policy at Convention

NCA members attending the annual convention adopted policies that will guide NCA positions on legislation, regulations and research during the coming year.

NCA policies cover all aspects of cattle and beef production and marketing. Policies are developed by members working through affiliate organizations and an extensive committee/council structure.

Some of the key policies adopted by the membership, listed by committee of origin, include:

### Ag Policy Committee

1 Urge ASCS and Soil, Water Conservation Service to remove from its list of approved crops for their programs, any potentially hazardous seed such as endophyte infected fescue.

1 Support changes in the Farm Bill to



allow the substitution of crop bases in the event of prevented planting due to adverse weather conditions.

1 Assure that livestock producers are included in every federal disaster relief program and that the criteria for disaster declarations for livestock producers be formulated based on standards applicable to rural situations.

1 Endorse the development of a consistent set of rules to prevail in each rebidding of Conservation Reserve Program contracts.

### **Animal Health and Inspection Committee**

1 Support continued Bluetongue research and urge that it include determination of the clinical significance of Bluetongue in cattle.

1 Request USDA/APHIS to provide a supplemental test to Bluetongue positive reactors in samples surveyed to determine low, medium and high incidence states.

1 Encourage the entire beef industry to work promptly toward a goal of increasing the number of animal health products that can effectively and properly be administered in locations other than lean tissue.

1 Request that USDA/APHIS expedite a change in import regulations to permit Mexican heifers to enter U.S. quarantine feedyards directly from the border for finish feeding only. Heifers must be "M" branded, "S" branded, properly tested for tuberculosis and have a negative Brucellosis test conducted at the border.

1 Request USDA/APHIS to coordinate with Mexican animal health authorities in the establishment of a joint U.S./Mexican Bovine TB Commission, by June 1, for development of an effective Mexican TB eradication program.

### **Federal lands Committee**

1 Support the multiple use management concept on the federal lands.

1 Recommend that in the case of permitted livestock numbers being reduced or taking of permits by a federal agency, that the permittee be allowed by the IRS to use the loss as a capital loss.

1 Oppose proposals of the Federal land management agencies for fencing riparian areas along streams or springs on the federal lands except where the proposed sites are studies in full cooperation with the private livestock operator.

1 Support livestock grazing on federal land that is environmentally responsible,

administratively efficient, and that provides for community stability and producer continuity based on a fair federal grazing fee which recognizes costs of production, value of forage, and price of livestock as does the existing PRIA formula.

### **Food Policy/Labeling Committee**

1 Work with members of the beef industry and USDA Food Safety and Inspection Service to develop educational, preventative, and source tracing methods, and uniform reporting and methodology among national, state and local health agencies.

1 Support irradiation research establishing safe dosage application for beef products.

### **Foreign Trade Committee**

1 Support the North American Free Trade Agreement to establish a free trade zone with Mexico and Canada if the agreement contains strong regulatory enforcement for animal health, environmental, and food safety standards.

1 Support all reasonable U.S. efforts to open and keep open the international capital markets.

1 Support efforts in foreign trade negotiations to eliminate unfair farm subsidies in competing countries and believe that USDA should move toward less government involvement.

### **Grading Committee**

1 Work with the USDA and Agricultural Research Service and private industry toward development of a suitable instrument to measure yield and quality grades and tenderness.

1 Encourage USDA to develop accurate price and trade volume reporting of "true" Select beef.

### **Marketing Committee**

1 Urge the Secretary of Agriculture to retain Packers & Stockyards as such a separate agency responsible directly to the Secretary of Agriculture.

1 Support adequate funding to USDA to collect and disseminate market data in accordance with industry needs.

1 Support yield and grade changes for the CME live cattle futures contract.

1 Recommend concentration policy favoring: no more mergers or acquisitions by the "Big 3" packers; no action to alter or halt trends toward private business arrangements; voluntary reporting of captive fed-cattle inventories; development of new boxed beef and retail price indexes; efforts by producers to take advantage of new marketing strategies; and improved federal monitoring of mergers and acquisitions in the packing and processing industry for possible antitrust violations.



## **Private Lands & Environmental Management Committee**

1 Support a change in the current federal wetlands policy to establish a clear definition of true wetlands.

1 Oppose any further acquisitions and/or interagency transfers of property by government agencies or other actions that may impair property rights.

1 Urge Congress to amend and revise the Endangered Species Act in a manner so as to provide balance, recognizing the need for economic benefit and the importance of private property rights.

1 Support reauthorization of the Clean Water Act which recognizes voluntary methods to reduce nonpoint source (NPS) pollution which truly impacts waters of the United States.

## **Research & Education Committee**

1 Develop technology to value live cattle and/or carcasses based on boxed beef sales.

1 Analyze the economic effect of Value-Based Marketing using strategic alliances in the production chain segments.

1 Explore technologies and pricing mechanisms to improve the consistency of beef as a retail product.

1 Develop baseline data on the effect of beef management systems on water quality, wetlands, wildlife populations and habitats, soil quality, soil erosion, wind erosion, and air quality.

1 Develop technology to reduce the unit cost of beef production by a minimum of 10 percent before the turn of the century.

1 Identify ways to reduce fat in the beef production system while improving beef quality and consistency.

## **Tax & Credit Committee**

1 Oppose any effort to increase estate taxes including capital gains at death.

1 Support the exclusion of production agriculture from tax advantages in economic enterprise zones.

1 Bequest the U.S. Secretary of Treasury review and relax the onerous regulations now severely restricting credit to agriculture.