



Part of the Adventure

Cattle industry sets policy directions

Policies designed to support and advance the beef industry in the areas of cattle health and well-being, cattle marketing, environment and conservation, and beef safety were developed Aug. 5-9 during the National Cattlemen's Beef Association (NCBA) meeting at the 2001 Cattle Industry Summer Conference in Denver, Colo.

A new recommendation from the Property Rights and Environmental Management Committee declared that "outrage" is not dead when dealing with the Endangered Species Act (ESA). Proclaiming that the implementation of the ESA has created a national crisis, the committee directed the NCBA to "work tirelessly with all possible passion" to accomplish a variety of objectives. The committee also passed a recommendation to seek focused amendments to the ESA, calling for an economic analysis and a scientific peer review of all decisions stemming from the ESA.

The Agriculture Policy Committee developed new policy on alternative fuels. As passed, the committee resolution supports the development of

programs that enhance the production of biodiesel and the inclusion of animal fats, greases and recovered cooking oils in programs for the promotion and production of biodiesel.

The committee also amended its policy on the Conservation Reserve Program (CRP) to clarify that — in all instances of grazing on lands enrolled in the CRP, continuous sign-up CRP or the Conservation Reserve Enhancement Program (CREP) — the payment should be reduced by the value of the forage grazed.

The Cattle Health and Well-Being Committee developed new policy intended to advance the effort to allow year-round access to Canadian feedlots for U.S. feeder cattle. The policy, developed after lengthy discussion, allows the NCBA to pursue an international-trade-violation complaint against the Canadians when they deny U.S. cattle entry to Canadian feedlots without scientific justification for doing so.

The Tax and Credit Committee developed new policy that will allow it to petition Congress to amend the Tax Relief Act of 2001 to make repeal of the estate tax permanent. In its current form,

the act eliminates all estate taxes in 2010. However, the legislation requires a renewal and another vote in Congress in 2011 to reinstate it.

Policy was amended in the Beef Safety Committee to address the practice of using poultry litter in cattle feed. The previous policy on alternative feedstuffs encouraged cattle producers to seek alternatives to poultry litter in feed. The amended policy states that consumers negatively perceive the practice, so it should be discouraged.

The NCBA plans to implement the policies immediately and aggressively in an effort to build on recent successes and to pursue new goals.

NCBA directors identify priorities

The NCBA Board of Directors vowed a vigorous defense of the beef checkoff and a full-court press on reform of the ESA. The board meeting concluded the annual Cattle Industry Summer Conference.

The NCBA board, in a unanimous vote, pledged \$150,000 in unrestricted non-checkoff funds to defend against litigation attacking the checkoff.

Wythe Willey, NCBA president-elect, said the constitutional challenge to the legality of the beef checkoff "has opened the door to the constitutional challenge of every commodity checkoff program in the United States. ... The stakes are high. This is serious business."

In a show of unity, the Cow-Calf Caucus introduced a letter it had addressed to the Livestock Marketing Association (LMA) asking it to drop its

constitutional challenge of the beef checkoff. Sixteen states signed the letter.

The economic and social havoc caused by strict enforcement of the ESA in the Klamath River Basin resulted in a directive for the NCBA to build a coalition to reform the act. Earlier this year, a court diverted irrigation water used by farmers in southern Oregon and northern California in favor of two species of fish. Congress had to respond with an emergency aid package to provide relief for farmers who lost water for their crops and livestock.

The board also passed a resolution directing the NCBA to pursue a complaint under current trade laws against Canada. The association believes the Canadian government is using animal-disease issues to prevent U.S. feeder cattle from moving across the border on a year-round basis.

U.S. feeder cattle are allowed into Canada from October through March, which is the season when transmission of bluetongue is not a concern. The NCBA insists that it should not be a concern the rest of the year. Canadian cattle industry leaders indicated that they would ask their government to remove the bluetongue restriction by February 2002.

Even if that is accomplished, Canadian concerns about the transmission of anaplasmosis will restrict exports from regions of the United States where there is a high incidence of that disease. The Canadian Cattlemen's Association said that it is committed to continuing to work with its government to provide year-round access for U.S. cattle into Canada.

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The NCBA board also approved a \$62.5 million budget for fiscal year (FY) 2002, including almost \$650,000 for efforts to influence public policy.

Checkoff-project funding from the Cattlemen's Beef Board (CBB) was projected at \$42.6 million, and state beef councils were projected to provide an additional \$11.6 million. Use of the funds is subject to project approval by the Beef Promotion Operating Committee, and they cannot be used for lobbying.

Checkoff programs presented at conference

Combined industry committees, with checkoff members representing the CBB, the Federation of State Beef Councils and the American National CattleWomen (ANCW), met during the week

to review current programs and to recommend efforts for FY 2002. The committees presented their recommendations to the appropriate groups, who presented highlights to the boards of directors of the CBB and the NCBA.

Van Amundson, a North Dakota beef producer and vice chairman of the combined Consumer Marketing Group, reported on the actions of its six committees. He outlined the Advertising Committee's recommendation to continue the current TV advertising for nutrition and convenience while beginning to plan for 2003.

He said the Retail Committee would expand its "Beef Made Easy" program for convenience and will support the nutrition initiative at retail. The Foodservice Committee will

continue its trade advertising, public relations, event marketing, cooperative promotions and food safety training.

Amundson also said the next year's efforts in new product development would include supporting manufacturers with new-beef-product rollouts and further developing the Value Cuts Program. The Veal Committee would focus on new product development, foodservice marketing, consumer public relations and retail marketing. The U.S. Meat Export Federation (USMEF) would continue to support developed markets and to enhance emerging markets for U.S. beef at the international level.

Paul Genho, a Texas beef producer and chairman of the Research and Technical Services Group, told the boards that beef safety would remain a key priority for checkoff-funded research efforts. He said research would help identify gaps in knowledge of BSE to improve understanding, detection and prevention of the disease in the United States and would help support the basic science on pathogen virulence, intervention strategies and detection methods. Also discussed were reduction of the risk for both domestic and foreign animal diseases and funding for additional research into preventing them.

Meanwhile, research in quality assurance is helping address quality defects in the chuck. Product-enhancement efforts in muscle profiling, carcass merit, on-line tenderness and case-ready technology were other discussion topics.

Bob Schmidt, a Tennessee beef producer and chairman of the Communications Group, reported the Information Committee's recommendation that producer communications continue to be a high priority. He said key ongoing programs

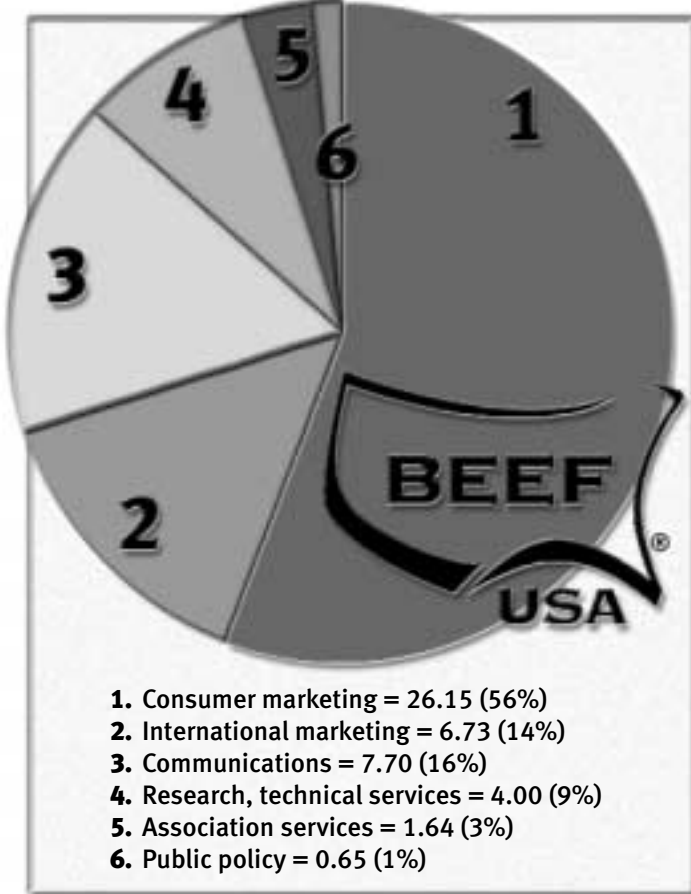
include the Council for Women's Nutrition Solutions and the Human Nutrition Research Program, both of which are helping to tell beef's nutrition story to women, and issues management research. Schmidt said the industry would continue to provide accurate nutrition information to consumers through other channels, including retail outlets.

Highlighting a program designed to reach youth about the importance of including beef in a healthy diet, Schmidt introduced beef spokeswoman Sasha Cohen to attendees. As one of America's rising stars in figure skating and a role model for young girls, Cohen is an important part of the beef industry's youth information and education program. Her address to the conference was received warmly as she described with youthful enthusiasm her commitment to public relations on behalf of the beef industry.

The approved checkoff-funding recommendations are reviewed by the 110 members of the CBB, who are appointed by the secretary of agriculture to oversee the collection of the \$1/head checkoff, to certify state beef councils, to implement the provisions of the federal order establishing the checkoff and to evaluate the effectiveness of checkoff programs.

The CBB authorized \$45 million in checkoff spending for FY 2002. The approved budget includes funding for programs to be implemented between Oct. 1, 2001, and Sept. 30, 2002. The Beef Promotion Operating Committee, with its 20 producer members representing the CBB and state beef councils, still must approve individual checkoff-funded program authorizations and contractors before work can begin. The Operating Committee met Sept. 26-27 in Phoenix, Ariz., but reports from that meeting were

FY 2002 NCBA budget, \$ million



not available at press time.

In addition, the USDA also must approve the CBB budget, each individual program authorization and each contract before checkoff funds can be expended.

Surveys indicate demand, support on the rise

Preliminary second-quarter data show consumer demand for U.S. beef remains strong, the beef industry announced from its summer conference.

Representatives of the CBB and the NCBA said checkoff-funded efforts are addressing the drivers that are keeping demand on the rise. According to a peer-reviewed index, demand for beef increased 5% in the second quarter of 2001, compared with the second quarter of 2000. Beef demand has increased 10 of the past 12 quarters, compared with the same quarters the previous year.

“Never in history has the U.S. beef industry seen such success in consistently increasing consumer demand for our product,” said Dan Hammond, chairman of the CBB and an Idaho beef producer. “The beef industry is answering consumer requests for easy and more convenient ways to purchase, prepare and enjoy beef. We realize that convenience is a lifestyle, and we’ve responded by helping to develop new heat-and-serve products, new cuts of beef and an improved meatcase designed as a destination for convenience.”

Beef demand, which is a measure accounting for both per capita consumption and consumer spending for beef, has trended upward since 1999. Stabilizing and increasing demand resulted after the industry put in place an aggressive business plan focused on delivering more convenient beef products, educating consumers about the bundle of key nutrients found in beef and working hard to

ensure U.S. beef remains safe.

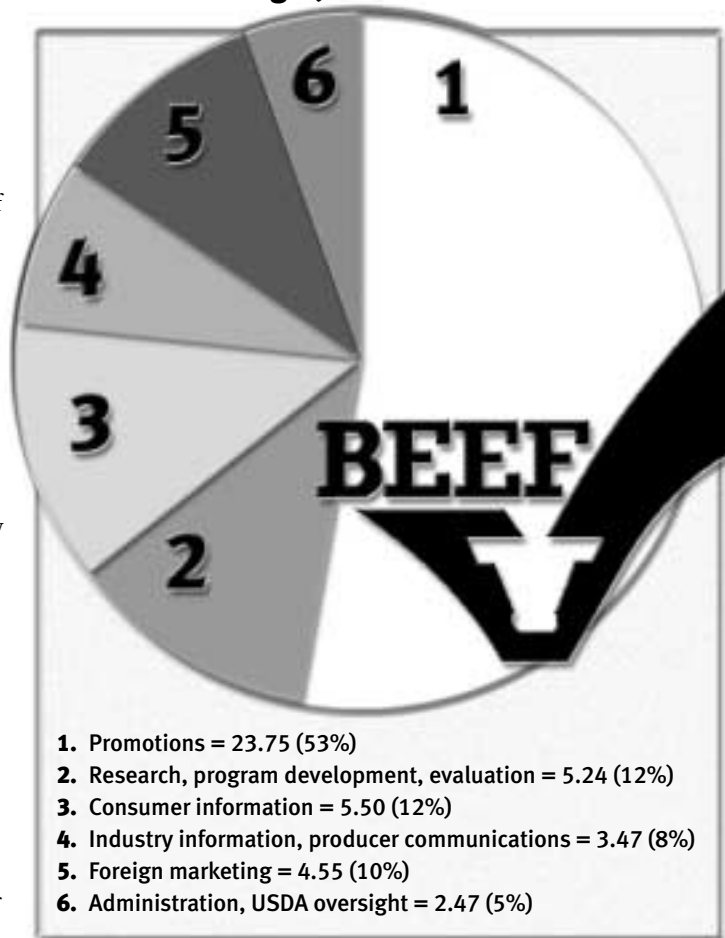
“The beef demand index is an accurate indicator of consumer buying trends related to beef,” said Wayne Purcell, a professor of agricultural economics at Virginia Tech and creator of the index. “Many people think the increase in beef demand is a direct result of a relatively strong economy, but there are many other factors that play a part. The beef industry’s checkoff-funded programs have contributed to beef demand success.”

Industry experts anticipate demand will remain stable even though total beef supplies will decline slightly over the next few years. Consumer expenditures for beef during 2001 are projected to total about \$55.3 billion — up \$2.4 billion from last year. That is despite the projection that total meat supplies in 2001 will be even with the 2000 record-setting production level of 81.8 billion pounds (lb.).

“With other companies and industries feeling the impact of tighter economic times, the beef industry continues its turnaround. The latest demand figures reconfirm that consumers see food, specifically beef, as a critical part of their livelihood and happiness,” said Lynn Cornwell, president of the NCBA and a Montana rancher. “Because of the enjoyment, convenience and nutrient bundle it provides, consumers aren’t willing to cut back on their beef intake.”

With beef checkoff funding, the NCBA continues to work on behalf of the CBB and state beef councils to establish the meatcase as a convenience destination. A new category of fully cooked beef roasts, steaks and other entrées that can be heated in the microwave and ready to serve in about 10 minutes has been developed, taking most of the preparation time from these meals. Sales of these products have increased

FY 2002 CBB budget, \$ million



nearly 88% in the past two years, and annual sales for the category reached nearly \$115 million as of April 2000.

The beef checkoff also has helped to spur new value-added fresh products such as pre-marinated beef roasts, new beef items for the deli category, frozen meal kits containing beef and value-added products for the foodservice channel. More importantly, the category helped reposition beef as a convenient meal option and stimulated additional innovation in the industry.

One of the most innovative and consumer-friendly programs funded by the checkoff is the Beef Made Easy (BME) program. BME is the beef industry’s meatcase-simplification program introduced in April 1999 that

helps retailers reset the entire beef section by cooking method, which is more in line with how consumers think about meals.

Color-coded merchandising tools are used to guide store-level staff and maintain the new case set long term. BME — or a similar concept — is being implemented or tested in more than 10,000 retail outlets nationally and all 290 foreign and domestic military commissaries. Twenty-five of the top retail chains (74%) currently are organizing the meatcase by cooking method.

Consumers today also are feeling better about beef’s nutritional benefits, due in part to a major checkoff-funded marketing effort designed to increase awareness of the zinc, iron, protein and B-vitamins

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found in beef. A recent consumer-attitudes study of more than 1,300 adults found Americans were more likely to say they feel better about beef's nutritional value today (35%) than they did a year ago (25%). Fifty-four percent of Americans agree beef is an important part of a balanced diet and healthy lifestyle, compared with 51% in 1999.

Decades of leadership in the food safety and animal health arenas have helped set the U.S. beef industry apart from other regions of the world. Industry leadership is particularly

apparent with regard to animal disease, such as BSE and foot-and-mouth disease (FMD) — two epidemics that have damaged the European beef economy in recent years. Neither disease exists in the United States.

Despite significant media attention due to BSE and FMD in Europe and other countries, consumers still are confident in the safety of the American beef supply. In fact, a checkoff-funded, independent study conducted in July 2001 by Wirthlin Worldwide found that, while consumer awareness of

these animal diseases was high at 89%, consumer confidence in America's beef supply also was high at 86%.

"Not only is America's beef safe, but it is also wholesome, providing people with vital nutrients for everyday life. The industry's efforts to simplify the lives of consumers by rearranging the meatcase to become a convenience destination is a large step in the right direction toward future success," Hammond said.

According to Cattle-Fax, an independent market-analysis organization, the increase in

demand the last few years has added \$100/head to the price of fed cattle and \$16-\$18/hundredweight (cwt.) to the price of a 500-lb. steer. Cattle-Fax says consumers are now spending more for beef — in a time of record total meat production.

Hammond also announced results of an independent survey of beef producers that shows they continue to support checkoff efforts.

The research, conducted by Aspen Research, shows that 72% of beef producers support the checkoff. The semiannual survey is representative of all beef producers, including dairymen, and is statistically significant within 3.1%. The support is the highest it's been in nearly eight years.

The survey also shows that cattlemen are more optimistic about the direction of the beef industry, Hammond said. It found that 75% of producers thought the industry was headed in the right direction, compared with 59% who thought it was headed in the right direction six months ago. Two years ago, only 33% of producers thought the industry was headed in the right direction.

Beef producers in the survey also expressed their desire to be kept informed of what the checkoff is doing. Of the producers surveyed, 93% said it was important to them to know how their checkoff dollars are being invested and what the results of those investments are.

"It's an exciting industry to be part of these days, and producers want to know all the ways they're involved," Hammond said. "We think increasing demand is an important way to support the market for beef animals, and agree with producers that they have a right to know how the checkoff works."



New publication explains checkoff

Efforts over the past year by America's beef producers to build demand through the \$1/head checkoff program are described in detail in a newly released publication. *The Beef Checkoff: 2001 Whole Dollar Report*, produced by the Cattlemen's Beef Board (CBB), describes how the program has focused resources around increasing beef demand in the United States and throughout the world.

The 16-page booklet reviews key programs being conducted at the state, national and international levels. It also describes how the checkoff works and the coordinated efforts of producers to make it as effective and efficient as possible.

"The words on these pages bring to life the story of an industry working together at many levels

to advance its position in the marketplace," Dan Hammond, CBB chairman, said in a letter to producers on the opening page. "Beef producers can be proud of their legacy of hard work, dedication and values — it's a changing world, and in true cattle country tradition, we're pioneering beef's bright future."

The report was released at the beef industry's summer conference Aug. 5-9 in Denver, Colo. It contains contact names, addresses, phone numbers and e-mail addresses for the 45 qualified state beef councils, the CBB and major contractors such as the National Cattlemen's Beef Association (NCBA), the American National CattleWomen (ANCW) and Cattle-Fax. For a free copy of the booklet, contact your state beef council or write to *Whole Dollar Report*, Cattlemen's Beef Board, PO Box 3316, Englewood, CO 80155-3316.

