INDUSTRY NEWS

Consumer Focus

►*courtesy of* ***Texas AgriLife Communications*** *and the* ***CME Group***

Education needed about LFTB

Lean, finely textured beef 'is meat' and a healthy form of protein, according to a Texas A&M University expert.

by ***Blair Fannin,*** *Texas AgriLife Communications*

Russell Cross, head of the department of animal science at Texas A&M, said lean, finely textured beef (LFTB) is nutritious, and a production process he approved while serving as administrator of the USDA-Food Safety Inspection Service (FSIS) in 1993.

"The simplest way to describe this is that it is meat; it's beef," he said. "The protein content is similar to what is [found] in a steak. This product is no different than meat; that's the reason USDA calls it meat."

Cross said much misinformation has been reported and discussed in various media. That's why it is important that the facts be told about the production of LFTB, which comes from traditional carcass-harvesting methods, he said.

Describing the process, Cross said carcasses are chilled 24-36 hours, then broken down into parts called primal cuts. These primals are put into vacuum-sealed bags and sent to retail stores, where they are cut into steaks and roasts. The trimmings taken from this process are frozen and shipped in 60-pound (lb.) boxes to processing plants that generate ground hamburger meat.

"These trimmings have pieces of lean still attached to them," Cross explains. "It is valuable; it's meat," he says, adding there is no difference in taste. LFTB is generated through a process of centrifugation that separates the lean from the fat, "resulting in a very nutritious and very safe product."

Every time an animal is harvested, 12-15 lb. of this product is generated and used in ground beef, Cross said. "It's been used for more than 20 years."

From a beef industry perspective, this adds value to the carcass, Cross said.

"We try to harvest every single aspect of the animal during the process," he said. "This 12 to 15 pounds would be that amount of protein not on the market. The fact we are going through this exercise of removing it from the market has caused the price of lean trimmings to go up over 15%. That's going to cause the price of ground beef to go up, and we all know who is going to pay for that — the consumer."

He said the Southwest just came off the worst drought in its history, losing more than 35% of the cows in Texas alone.

"We are going to have a shortage of protein and this is just adding to that shortage," Cross said. "This is going to cause the price of a lot of our products to go up."

Cross said he and faculty members, as well as those who serve in dual roles with the Texas AgriLife Extension Service and Texas AgriLife Research, will continue to educate consumers on the facts of LFTB.

"We have people who are very knowledgeable about this product both on the quality side and the food safety side," he said. "We will do what we always do — we will collect the right data and get it out to the public and to the industry so they can use it. We will make it a priority to get the real facts out to the public."

Editor's Note: *An audio interview with Cross is available at* http://agrilife.org/today/files/2012/03/leanfinelytexturedbeef.mp3.

Cattle markets

In their April 4 "Daily Livestock Report," Steve Meyer and Len Steiner of the Chicago Mercantile Exchange (CME) discussed the impact the controversy over lean, finely-textured beef (LFTB) — dubbed pink slime by news media — was having on the cattle markets. Following are excerpts of their discussion.

Cattle futures remain on the defensive. One particularly troubling indicator is the weakness in the price of fat beef trimmings. We estimate that 50CL (a leanness rating) beef trim accounts for as much as 10% of total beef on the carcass. In addition, packers generate another 5%-10% as extra fat trim, and a good portion of this supply went into making LFTB and related products, as well as into rendering.

We have seen a lot of estimates as to the supply of LFTB coming to market. Steiner estimates overall production at around 400 million pounds (lb.) per year. Other estimates peg this supply at 500 million lb. per year. The conversion rate of extra fat trim to LFTB is generally 3:1, i.e., it takes 3 lb. of fat trim to generate 1 lb. of LFTB. If 75% of the production capacity of LFTB is lost due to the controversy, and this is a big if at the moment, it would imply an additional 900 MM lb. of extra fat trimmings available. Some of this product will go into the 50CL supply or traded as extra fatty trim to be blended with leaner product and eventually become ground beef. A large portion will go back into rendering and trade at a discount to what it sold for in the past.

So how does this affect live cattle? Back in January and early February, before the heavy weights became apparent and before the controversy over LFTB, analysts were estimating fat beef trim prices for April and May at around $120 per hundredweight (cwt.). On Friday, 50CL beef was quoted at 73¢ per lb. This kind of difference translates into about $3.2 per cwt. per head live.

Traders have been discounting cattle futures based, in part, on the fact that trim values are weak and could stay weak. The removal of LFTB implies that packers now have to sell a good portion of the fat trim generated from the carcass at much lower prices, thus reducing cattle values. What is a further concern for the market is that once Memorial Day is behind us, demand for fat beef trim going into hamburgers declines. With more fat trim around us and weaker demand, we could see further downward pressure in the complex, hence the sharp decline in June futures.

We think it is fair to assume that the longer the issue percolates in the press, the more significant the impact on demand. Different from *E. coli*, which is an issue that is known to consumers and about which they have been educated, the LFTB issue is new and until the consumer knows more about it, their final demand is unknown or unknowable.

Editor's Note: *Adapted from an April 4, 2012, release by CME Group.*