

# Exploring the Issues

Issues Forums address bio-energy, FMD, national ID efforts, natural and organic beef, and recommendations of the checkoff task force.

The Beef Industry Issues Forums presented Thursday, Feb. 1, at the Cattle Industry Annual Convention and NCBA Trade Show, provided attendees a better understanding of the business and consumer climate. Five forums were presented, then repeated twice,



giving attendees the opportunity to attend three sessions.

Audios and summaries of all five forums are available in the [www.4cattlemen.com](http://www.4cattlemen.com) newsroom. The sessions were sponsored by Pfizer Animal Health.

## Checkoff Scrutinized

Recommendations of the industry-wide Beef Checkoff Task Force were the focus of one of Thursday morning's Issues Forums. According to Kansas cattleman and task force spokesman Tracy Brunner, representatives of 12 national organizations were involved in exploring enhancements to the Beef Research and Promotion Act and Order. Enacted 20 years ago, the Act and Order established the current \$1-per-head beef checkoff and the rules under which it operates.

"It was a big and bold move to open discussion of potential changes after the checkoff overcame a challenge of unconstitutionality, and conventional thought suggested the industry should then leave well enough alone," Brunner stated.

**Enacted 20 years ago, the Act and Order established the current \$1-per-head beef checkoff and the rules under which it operates.**

At its first meeting the task force agreed that further study of three areas was warranted. Those areas included increased funding by raising the checkoff assessment and perception that the checkoff was controlled by one national industry organization, namely the National Cattlemen's

Beef Association (NCBA). Also included was the question of accountability to producers and the feasibility of a periodic referendum.

Following two more sessions, the task force made the following enhancement recommendations:

- ▶ Checkoff collections would be adjusted to \$2 per head, maintaining the 50:50 split between state beef councils and the Cattlemen's Beef Board (CBB). A rate change would have to be approved through a producer referendum.
- ▶ The referendum process would be revised, allowing producers to petition every five years for a

referendum on continuing the checkoff. Ten percent of producers signing the petition would trigger scheduling of a referendum within one year.

- ▶ Since there is widespread misunderstanding regarding the structure of the Federation of State Beef Councils, changing its name to the Beef Checkoff Federation should be considered.
- ▶ To make the checkoff more inclusive, any reference to the charter date of established national nonprofit, industry-governed organizations would be eliminated from definitions in the Beef Promotion and Research Order.

According to Brunner, grassroots producer input is the next step. Producers are urged to consider the recommendations in their respective organizations' policy development processes. If given sufficient support, appropriate congressional committees and the U.S. Department of Agriculture (USDA) will be asked to address enhancements through amendments to the Act and Order. Then, a producer referendum would be held to affirm the amendments.

— by Troy Smith

# NAIS Update

In an update about the National Animal Identification System (NAIS), Lynn Heinze, vice president of information services for the U.S. Meat Export Federation (USMEF); Charles Miller, chairman of the U.S. Animal Identification Organization (USAIO); and Bruce Knight, USDA undersecretary for marketing and regulatory programs, gave a rousing session about the voluntary animal identification (ID) program.

Heinze started the session by calling animal ID a marketing advantage, citing disease traceability, building branded beef programs, and increasing quality through the entire production chain as advantages of the system.

He then informed audience members of similar programs and their respective frameworks in other countries, including a mandatory program in Canada, a partially mandatory program in South America, a transport traceability assurance program in Korea, a program for marketing purposes in China, a bookkeeping system in Japan, a voluntary program in Australia and a mandate in Europe.

Heinze suggested retail stores are setting the standards for a traceability system for meat safety. He stressed that a quick-response system is needed, as is a product verification program. Citing the programs in other countries, he closed saying action must be taken in the U.S. because the competition is already doing something.

Miller led into his presentation by stating the objectives of the USAIO:

1. putting an animal movement database in private hands;
2. protecting the core business interest;
3. securing the confidence of producers;
4. minimizing costs across the industry; and
5. making the essential data available to the Animal and Plant Health Inspection Service (APHIS) and state authorities.

USAIO, he said, measures success by complying with an industry-driven, nonprofit data-collection structure and a USDA-approved animal tracking database; by issuing broad commitment for utilization; and by defining a business model minimizing cost and providing for sustainability.

At this point in time, industry-based funding has not been forthcoming and, thus, the USAIO is in an inactive status; however, the database won't be deployed as of yet. The industry, Miller concluded, must decide who will control the animal movement data, and USAIO will move ahead as the industry directs.

Throughout his presentation, Knight stressed the importance of taking the first step in the NAIS — registering your premises. Following premises registration, individual animal ID and traceability can come into play. Producers can choose to participate in any one of these three previously mentioned steps.

**“Protect your  
own herd health.  
Protect your animals.  
Protect your livelihood.  
Protect your future.”**

**— Bruce Knight**

“Participation is an individual business decision,” Knight reiterated. He assured attendees the voluntary system would keep confidentiality a top priority.

To get the word out to producers and get that ever-important first step taken, Knight told attendees USDA is planning to cooperate with industry organizations as a source of outreach, though some may argue USDA has done its job already.

Secretary of Agriculture Mike Johanns made having 25% of premises registered by Jan. 31, 2007, a goal; Knight announced that goal had been met. Some 353,000 premises are currently registered.

The importance behind the push for the NAIS, Knight said, is animal health in the event of a disease breakout. He said he's confident USDA has developed a modern system to enable quick response — within 48 hours to be exact. Closing, Knight said, “Protect your own herd health. Protect your animals. Protect your livelihood. Protect your future.”

*— by Micky Wilson*

## FMD Preparedness

William Henning of Penn State University opened the Issues Forum on foot-and-mouth (FMD) disease by describing what could happen if FMD were to be found in the United States. The economic reality of an FMD outbreak was devastating to producers in England, Henning said. “We think there are some things we can do in our planning and our strategy here to make that less economically devastating for our producers.”

Henning said there are two challenges producers must prepare for in the United

States — the actual disease and consumer perception of food safety in the event of an FMD outbreak.

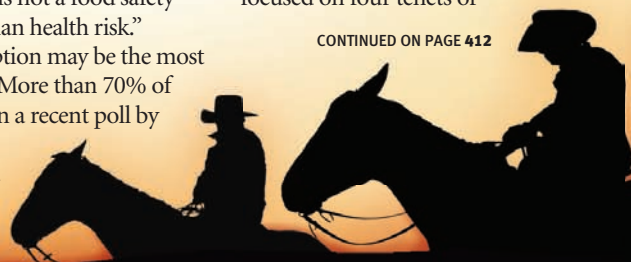
“We believe that proper planning can minimize the risk to livestock producers, beef producers especially, and at the same time be able to communicate well to our consumers that this is not a food safety issue. It is not a human health risk.”

Consumer perception may be the most daunting challenge. More than 70% of consumers studied in a recent poll by the NCBA said they believed FMD could

affect humans through contact, Henning said. The same poll revealed more than two-thirds of consumers believe humans could be affected by eating meat.

Henning shared results of a fall 2006 FMD summit NCBA conducted in Washington, D.C. The summit focused on four tenets of

CONTINUED ON PAGE 412



**Exploring the Issues** CONTINUED FROM PAGE 411

preparedness — prevention, detection, response and recovery. Four working groups were created to focus on outbreak communication, stopping disease progression, disease detection and the role of science in prevention.

A copy of the executive summary of the summit is available online at [www.findinfo.org/uDocs/pdfofbookforweb.pdf](http://www.findinfo.org/uDocs/pdfofbookforweb.pdf).

Paul Ugstad, area veterinarian with USDA's APHIS, said 1929 marked the last confirmed case of FMD in the U.S. The effect was devastating, and entire herds had to be depopulated to prevent a wider spread. More recently, Europe and South America have had similar experiences.

Ugstad encouraged attendees to think of control options besides mass depopulation, noting the World Animal Health Organization now classifies countries as free of FMD with vaccination or free of FMD without vaccination. In 2001 Uruguay and the United Kingdom both faced FMD outbreaks. Uruguay chose to use vaccine; the UK did not, adding to a much more costly experience with the disease.

Ugstad discussed how APHIS would react to a contagious disease outbreak,

such as FMD. Its plan involves getting local, state and the federal governments to work together with quarantines, forming an incident command system (ICS). He urged industry input to assist in policy development for business continuity.

Bob Ehart, animal and health safeguarding coordinator for the National Association of State Departments of Agriculture (NASDA), said the incidence of bovine spongiform encephalopathy (BSE) and FMD in the UK, along with the Sept. 11, 2001, terrorist attacks on the World Trade Center prompted interest in whether the U.S. was prepared for a foreign animal disease outbreak. While the science may not have changed much, the process has, he added.

"Everything that is done on any kind of emergency of any kind now has to happen under the National Response Plan," Ehart said, describing the bureaucracy involved. "From that, who's going to be involved is outlined and the resource phases as to how that's going to occur."

The good news, Ehart said, is that every state has an emergency response plan and several have had training and practice exercises.

**"I actually see animal agriculture as rural America's World Trade Center. It really requires us to understand the gravity of harm that could occur."**

**— Bob Ehart**

Greg Baxter, a third-generation cattle feeder from Grand Island, Neb., was recently involved with an on-site government assessment of bioterrorism vulnerability. He shared his insights at the FMD Issues Forum.

The Strategic Partnership Program Agroterrorism Initiative (SPPA) was conducted in part at his feedlot to understand what it would take to be prepared in an emergency. Personnel from various agencies visited his operation for an in-depth tour, where they identified and discussed points of vulnerability from their various perspectives.

*— by Mathew Elliott & Shauna Rose Hermel*

# Ethanol Fuels Discussion

Ethanol is here, Keith Hansen, Hereford, Texas, told attendees at Thursday's Issues Forum addressing "Bio-Energy's Impact on the Beef Industry." The consulting nutritionist and vice president of XF Enterprises encouraged participants to accept the fact ethanol is here to stay and to look for ways to make ethanol work for the beef industry.

Ethanol is going to produce valuable products the cattle industry can take advantage of, Hansen said. The key is to find the ethanol plants that are producing an ethanol coproduct as opposed to the ethanol plants that are producing ethanol byproducts.

The difference, he explained, is that an ethanol coproduct is controlled. The nutrient value will be the same in everything that comes from the plant. Unfortunately, the nutrient value will differ from plant to plant. Ethanol byproducts will vary greatly in nutrient value even from the same plant.

Products that can be useful to the beef industry include corn distillers' grains with solubles, corn distillers' grains, corn oil and low-fat corn distillers' grains.

The problem will be the above-mentioned differences between ethanol plants when producing the coproducts, Hansen said. There could be differences in levels of protein, energy (fat, starch and structural carbohydrates) and minerals, especially phosphorus and sulfur.

Bill Holbrook, ProExporter Network, said his goal was to

**The key is to find the ethanol plants that are producing ethanol coproducts as opposed to ethanol byproducts.**

take a complicated issue and not make it any more complicated. He said the hype and press might have gotten a little out of control for the industry.

"There's no doubt that the expansion rate is rapid," Holbrook said. "The magnitude of this expansion needs to be studied to make sure all of the plants are really going up. All it takes to say that a plant is being built is a little dirt to have been moved."



It was discussed that the corn supply will not be able to sustain demand given the projected acreage to be planted and the price. "I don't believe that the supply and demand will be able to handle some of the change," he said. "The key factor here is going to be the cost of crude oil, and that is out of our hands."

Gregg Doud, chief economist for NCBA, explained NCBA had no official position on ethanol yet. He mentioned that if NCBA members wanted to change that, the convention was the time to establish policy.

Doud said subsidies such as blender's credits and import tariffs were things to watch. "As we grow, we need to make sure that we have the corn to keep a reliable supply," he said. "What will happen if or when we can't grow that much corn?"

Doud concluded his part of the forum by addressing some of the new issues in biofuels such as cellulosic energy and soy diesel. These new products can be scary, he said, but they must be dealt with in the future.



After the speakers finished their formal presentations, audience members were given opportunity to ask questions about biofuel issues.

— by Mathew Elliott

**Editor's Note:** The February Angus Journal, which was themed "Feeding and Feedstuffs," contained several articles related to corn coproducts and the effects of the biofuel industry on the beef industry. You can access the articles online at [www.angusjournal.com](http://www.angusjournal.com).

## Going Natural

"Natural" and "organic" have become buzz words in our industry, as a growing number of consumers have requested the products. The Issues Forum called "Natural/Organic Beef — What's Happening in the Marketplace and What It Means to the Industry" outlined who those consumers are and what companies are doing to meet their expectations.

Scott Eilert, vice president of the Cargill Meat Technology Development Center, focused on the need for greater regulations for defining natural. The company recommends three categories:

- ▶ a natural program that would be minimally processed with no solutions added;
- ▶ a naturally raised program with "no hormones and no antibiotics;" and
- ▶ an organic category.

Coleman Natural Meats sees more opportunity in the natural business. Mel Coleman Jr. said he views natural as a fork-to-plate program that may include

**"Natural may not be mainstream, but who would have thought 28 years ago that branded beef would be mainstream?"**

— John Stika

an animal-handling component in the future.

Going natural increased business and profit for Chipotle, a fast-food restaurant whose stated goal is to change how people think about fast food. Spokesman Chris Arnold says that even though most customers are unaware of their use of natural pork and chicken, a growing share of those who frequent the restaurant do so for those products.

After nearly three decades, a brand rooted in conventional beef production

decided to enter the natural market. John Stika, president of Certified Angus Beef LLC (CAB), explained that the natural product line gives the brand a bigger presence in the retail case and caters to the niche of consumers demanding natural.

"Natural may not be mainstream, but who would have thought 28 years ago that branded beef would be mainstream?" he asked. "Natural may not be a big market right now, but what will it be in 20 years? It represents a real opportunity for some cattlemen."

The group fielded producer questions that ranged from the incentives available for natural production to current labeling requirements.

— by Miranda Reiman

