

Making Beef the Desired Protein

NCBA President Mike John presents an organization overview
at the Missouri Livestock Symposium.

by Micky Wilson

Cattle producers and beef consumers alike have heard much talk about the many advances and changes in the beef industry, especially during the last few years. Alongside those important items, hard news stories communicating information about activist groups and trade have been relayed to enormous audiences. But what does it all mean?

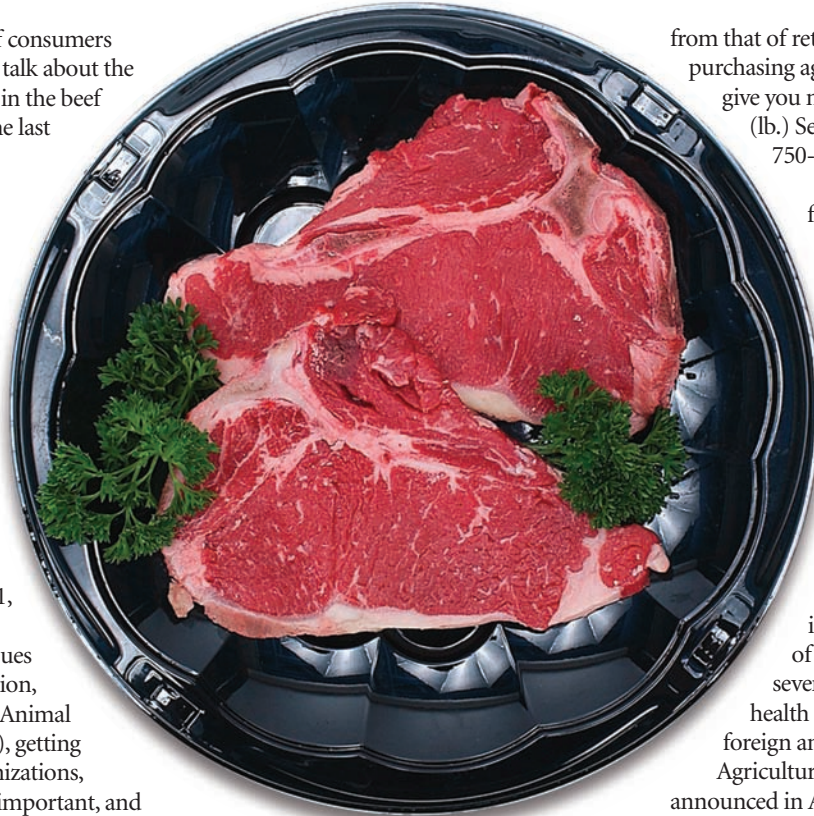
Mike John, 2006 National Cattlemen's Beef Association (NCBA) president from Huntsville, Mo., gave a rousing overview of the organization at the Missouri Livestock Symposium, Dec. 1, 2006, in Kirksville, Mo.

Talking about industry issues such as beef product perception, having a voluntary National Animal Identification System (NAIS), getting involved with industry organizations, explaining why U.S. trade is important, and evaluating the language of the 2002 Farm Bill, John makes the mission of NCBA unmistakable.

Product perceptions

For people in rural areas, including many cattle producers, it may be a mystery where beef checkoff dollars are spent. Much of the time, those dollars are utilized in high-population areas via advertising campaigns, consumer outreach and public relations activities. While producers may not directly see the benefit of their \$1 contribution, the industry as a whole has.

The beef industry has increased demand for its product by about 25% in the last 10 years. "What's especially gratifying about that is it comes at a time of about 20 years of decline of market share in the meat protein business," John said. "We'd been losing to



pork and poultry — especially poultry — over that 20-year period of time.

"Through new product development, convenience-type products, consumer advertising, a lot of work with the health industry, lean cookbooks and those kind of things, we've made some great strides."

But along with those great strides comes the continuous challenge of product consistency.

"One thing we hear from all the retailers is we don't get enough Choice and Prime product ... and we don't have a lot of consistency in our product," John said. "We're getting signals from retailers that we need more Choice product and we need smaller ribeyes."

But the message from packers differs

from that of retailers. "Every grid, every purchasing agreement that I've seen will give you more money for a 900-pound (lb.) Select carcass than it will for a 750-lb. Choice carcass."

These mixed signals coming from the different industry segments need to come to a halt via better communication across the industry as a whole, John says. Once everyone is on the same page, tremendous industry progress is inevitable.

Voluntary actions

"I view traceability of our product as one of the greatest possibilities in our industry," John said. The idea of an NAIS started about six or seven years ago as an animal health protocol to stop the spread of foreign animal disease.

Agricultural Secretary Mike Johanns announced in April 2006 the NAIS would be voluntary. "NCBA's belief has always been that the private industry and the cattle producers themselves should take control and manage that process, and figure out what is the most efficient manner in which to do that," John said. "We believe that system should be managed privately, and we believe it should be voluntary, because if it isn't voluntary and everybody does the same thing, then there won't be any added value for participating in that process."

"The side benefit of individual animal identification (ID) is ... recordkeeping," he adds.

When searching for a system, competition between technology companies and technicians is what will make the most efficient, low-cost system.

But, John said, "The first part of any

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animal identification system is to get your premises registered.” Throughout the rein of his presidency of NCBA, through constant contact with cattle producers, John has noticed many producers don’t have their premises registered, citing unwanted government intrusion as the reason.

“NCBA’s policy for about 110 years has been to limit government intrusion,” John reminded attendees.

He argues, however, that premises registration is taking a proactive animal health perspective on the situation. Continuing, he gives a scenario of an identified sick animal; if the area the animal is found in has many registered premises, the quarantine zone will be much smaller than if the area has few registered operations.

“I look at premises registration as a self-help and self-protection tool,” he said. “I’m highly encouraging everybody to go get their premises registered. It is purely an animal health protection process,” John said.

As far as the popular argument of government intrusion goes, John reminds attendees, “If you give me your telephone number ... I can find a map of your house in about five seconds [on the internet] anyway.”

Additionally, there are other benefits of individual animal ID and premises registration. “We are moving from a commodity-based, average-priced cattle system to an individually identified, value-

added system.” John advises producers to find a niche in the beef industry to take advantage of those premiums.

For more information about NAIS, see “USDA puts animal ID on voluntary track,” (below) and “Where Are We Now?” in the February 2006 issue of the *Angus Journal*.

Get involved

“In today’s world, you can become an activist, sponsor a web site, send out a million e-mails a day, even if you’re just one person — and you can do it in 24 hours,” John said. Ten or 15 years ago a debate in the industry would have resulted in the market working things out, John said. But, people “can use technology today to create an activist level that we’ve never seen before.”

As an example, John said many people in the U.S. believe the Humane Society’s goal is to make sure companion animals, like cats and dogs, aren’t mistreated. “They have a \$110,000,000 budget, and they don’t own a single shelter,” he relays. “Their leadership has said consistently that their primary goal — their long-term goal — is to eliminate animal agriculture.”

Still, John feels there is a larger group of people working against the beef industry. “That is the 75% of us who don’t belong to any cattlemen’s association,” he said.

“The [loudest] voice in Congress is the silence of those 600,000 cattle producers who

don’t participate and who don’t go to meetings, who don’t call their congressmen, who don’t belong to the cattlemen’s association, who don’t participate in any way, shape or form.

“That speaks louder than all of those other activist groups — that we don’t even have the majority of our participants involved in the political process,” John continued. “When you look at the folks out there whose goal is to put you out of business, who have 15 or 20 times the annual budget that we do to attack those issues, it ought to scare you.”

Washington Insider, John said, reported there isn’t a single congressional district in the U.S. where the majority of the population — the majority of registered voters — make their living farming or ranching.

“When you understand that fact,” John said, “it’s easy to understand why the EPA (Environmental Protection Agency) says manure is considered a toxic chemical, and why dust particles over a certain level are considered hazardous.”

Concluding, he said, “Please get involved in the local, state and national organizations. If nothing else, just let your head be counted.”

Why we trade

Earlier this winter, South Korea rejected three loads of U.S. beef due to the findings of

USDA puts animal ID on voluntary track

For several years, National Cattlemen’s Beef Association (NCBA) members have consistently held that a national animal identification (ID) system is necessary, but can be better accomplished on a voluntary, market-driven and producer-led basis. While a government-mandated and government-controlled system may seem like an easier and quicker solution, NCBA has never viewed this as the answer. We’ve always maintained that the industry could provide a more secure, confidential and efficient solution that would be met with much less resistance and mistrust than a government mandate.

At long last, we now have concurrence from the U.S. Department of Agriculture (USDA) on this issue, which recently announced it has no intention of making animal ID mandatory. I don’t consider this a 180-degree turn for USDA, which has said for months its goal was to persuade most of the nation’s livestock producers to participate without imposing a mandate. But the looming threat of a mandatory deadline — even one pushed several years down the road — was clearly doing more harm than good in terms of producer participation. It lent fuel to protests and conspiracy theories, and really did nothing to give producers the information they needed to simply get involved.

I’m very proud of NCBA for abiding by the wishes of our membership, and not buckling to considerable pressure to advocate for a mandatory ID system. Nor did we “play to the crowd” out in the countryside by stirring up controversy or spreading unfounded fears about animal ID. As always, NCBA took a pragmatic stance on this issue — aimed not at gaining headlines or publicity, but simply at achieving positive results for cattlemen. That’s the approach that leads to long-term success on major policy issues, and positive, productive solutions for the cattle industry.

What’s important now is that we actually capitalize on this important policy victory and do everything we can to give voluntary, market-driven animal ID the momentum it needs to succeed. We cannot afford to simply tread water on this issue, as that could lead Congress or even USDA officials to rethink whether a mandate is really the only way to make animal ID happen. Fortunately, NCBA hasn’t merely been talking a good game on this issue, we’ve been taking important steps to support the creation of a system that will provide value-added opportunities for cattlemen and meet the demands of both foreign and domestic customers who place an emphasis on source verification and traceability.



Mike John

thumbnail-sized bone chips. "Our advice ... is to just pull their export certificate and start playing hardball," John said. "For them to have that protectionist attitude in their country for a very small number of producers — it's a cultural thing, it's a political thing, it has nothing to do with science. Those bone chips do not constitute a health issue in any way, shape or form."

Japan agreed to discuss trade issues with the U.S. after a six-month period of open trade following the 21-month and under age rule on imported product. John said Secretary Johann indicated the U.S. would sit down and negotiate normalizing trade, as that six-month period was up at the end of January.

John has been asked many times why international trade is so important to the U.S. and the beef industry. First, he said, specialty meats (or offal) are of higher value in export markets. For example, tongue sells for \$14 per pound in Japan, adding value to the carcass.

Second, he cited recent export sales to Mexico. "If Mexico hadn't stepped up and purchased a billion dollars worth of U.S. beef product in 2006, we would be in deep trouble," he said.

Finally, John recognized breeding stock and meat exports as reasons for trade. "We're losing tens of millions of dollars a year by not being able to send breeding stock and meat

from cattle over 30 months of age [to other countries]," he said.

But the biggest issue with exports is the ever-important argument of culture vs. science. "We should have never agreed to 21 months and under because it's not science-based," John said.

In coming months, John is convinced the U.S. will meet standards for the minimal risk category for bovine spongiform encephalopathy (BSE) under new regulations of the World Organization for Animal Health (OIE). Following new OIE risk classifications, Korea has indicated an interest in renegotiating export options with the U.S.

At press time, the most recent trade agreements the U.S. had made were with Peru, Colombia and Russia. The agreements were strictly science-based, citing reduced tariffs, free access, and the sale of product under 30 months of age. "It was a huge victory for us and we'll get that access," John said. "The huge victory is having the precedence of having a negotiated trade agreement with a foreign country based on science. And we have to stick to those guns and keep going down that road."

2002 Farm Bill, COOL

"Demand for beef is partially because of the price spread between poultry and beef at any one time," John said. "If that price spread

gets too wide, we start losing market share to poultry. Our primary competition is the poultry industry.

"On country-of-origin labeling (often referred to as COL or COOL), all this time I think we've been arguing over the wrong thing," he continued. "What we have been fighting over is the language that was thrown in at the last second in the 2002 Farm Bill."

And that language excludes poultry. It also identifies retail fresh beef for foodservice and restaurants, and processed meats. Additionally, the language only applies to retail locations that sell at least \$250,000 worth of produce annually.

"I'm not against country-of-origin labeling; I'm against the language of the 2002 Farm Bill," John reiterates.

NCBA, he says, has always given members freedom to choose, freedom to fail, freedom to succeed, and the promise of keeping government out of their business.

"If country-of-origin labeling truly has value ... someone is going to pay more," he said. Value in voluntary programs is recognized when producers get paid more because they went through extra effort.

John concluded, "True price discovery only occurs when [consumers] choose beef."

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At this time, one of the most critical areas in which the livestock industry needs to show improvement is premises registration. USDA Undersecretary Bruce Knight recently reported that 23% (now 25%) of premises nationwide are registered. While this represents modest progress, those figures tell me that premises registration needs a significant shot in the arm. USDA has updated its National Animal Identification System (NAIS) User Guide and premises registration materials, which are now available to cattlemen online at <http://animalid.aphis.usda.gov/nais>. Along with its renewed emphasis on voluntary animal ID, these user-friendly tools should help USDA reach out to mainstream livestock producers. There will always be those who dig in their heels on the ID issue, but others simply need thorough, easy-to-access information to help them get started.

The cattle industry can certainly assist in this effort by better explaining the potential benefits of premises registration, as well as further steps that can be taken to register livestock movements and animal tracking data. These tools can help producers — both large and small — take advantage of value-added opportunities and improve their bottom line. But that process really begins with premises registration as a basic fundamental step. This isn't confidential or sensitive data you're providing. It's really just contact and location information that can often be found in a phone book or other local directories.

Without premises registration, important profit opportunities

could escape your grasp. But evidence is also mounting about the benefits of traceability when it comes to containing animal disease outbreaks and minimizing economic losses if such an event should occur. A recent study conducted by USDA in cooperation with Kansas State University shows that higher levels of traceability help streamline notification of livestock producers, as well as inoculation and prevention efforts. As a result, a potentially catastrophic disease can be more easily contained, and damage to the industry can be minimized.

I find it ironic and somewhat humorous that some organizations are lining up to take credit for USDA's policy shift toward voluntary animal ID. When I first began speaking and writing about voluntary, market-driven animal ID many months ago, these same groups didn't hesitate to take shots at me, as well as at NCBA. They must think we have really short memories.

But while this is an important victory for the cattle industry, I'm more interested in parlaying this policy shift into tangible, profitable results for cattlemen than engaging in any celebrations or self-congratulations. There's a reason why NCBA doesn't waste time "dancing in the end zone" or patting ourselves on the back. We're already focusing on the next steps, and the challenges that still lie ahead. Our members expect and deserve nothing less.

— commentary by Mike John, 2006 NCBA president, originally released December 2006