

Cattlemen Convene in Committees

The beef industry gets down to business.

As a major part of the Cattle Industry Annual Convention, joint committees of the National Cattlemen's Beef Association (NCBA) and Cattlemen's Beef Promotion and Research Board (CBB) convene each year to review and update programs and focus their efforts.

On Friday, Feb. 3, committee members gathered after hearing

about the 2010 Beef Industry Long-Range Plan. Challenged by the NCBA president and CBB chair to create value through beef production, create growth through consumer markets, create sustainability through a favorable business climate and create opportunity through global competitiveness, beef industry enthusiasts got down to business.

ESA Explored in Committee

During a joint meeting of the NCBA Federal Lands Committee and the NCBA Property Rights and Environmental Management Committee, special guests Julie MacDonald, deputy assistant secretary for fish and wildlife and parks, U.S. Department of the Interior, and MaryAnn Dunlap, representing Senator James Inhofe (R-Okla.) as a part of the Senate Environment and Public Works Committee, spoke about regulations and possible changes to the Endangered Species Act (ESA).

MacDonald noted government is under a severe backlog of ESA cases and trials — and it will take it a while to catch up. She discussed the idea of designating critical habitat and how actual evidence of habitation — not possible habitation — must be shown for the designation to take effect. Critical habitat cannot be designated if there's only a chance the species will come in the future (for example, because of ongoing conservation projects).

Another example she gave is that some critical habitats do not exist during certain parts of the year. If a stream is designated as critical habitat, but that stream dries up during certain months, MacDonald

said producers need to send letters to the government to let ESA administrators know.

Dunlap spoke about changes to the ESA that Senator Inhofe is trying to pass. Good decisions must be based on sound science, she said, not deadlines. She also said that recovery plans for species should be dynamic so they can be changed as more science becomes available, or as the conclusions drawn from that science change. She noted that Inhofe is hoping to eliminate the constant lawsuits, since they take away time and money from the government and don't help in species preservation.

She hopes to "create a full menu of landowner incentives" to encourage landowners to work willingly with the government — and to reduce some of the burden on them.

"There should be direct payments to landowners," she said. Regulatory certainty — so each party can know what's expected — is something she also stressed.

Finally, Dunlap said, private landowners shouldn't be forced to bear the burden if they don't have a part in the decision-making process.

After the meeting was reconvened for the Property Rights and Environmental Management Committee, staff members gave an update on certain programs, including the national Grazing Lands Conservation Initiative (GLCI), the main conference of which will be taking place Dec. 10-13 in Saint Louis, Mo. Staff members offered tools for

cattlemen to contact their representatives in Washington, D.C., especially those on the Energy and Commerce Committee. The "Walk a Mile in My Boots" program, designed to decrease tensions between producers and government officials, was recently expanded to include the Natural Resources Conservation Service (NRCS) and the National Association of Conservation Districts (NACD).

— by Brooke Byrd

Recovery plans for species should be dynamic.

Federal Lands Committee

Controversy over grazing of public lands is nothing new. Congress was arguing over grazing fees as early as 1916. Today, roughly 20% of the U.S. cow herd is located in 11 western states, with most running on ranches that include grazing lands under the auspices of the U.S. Forest Service (FS) and the Bureau of Land Management (BLM).

NCBA's Federal Lands Committee wrestles with issues stemming from the need to balance ranchers' needs with the goals of each government agency.

While meeting during the Cattle Industry Annual Convention, the committee heard reports from FS and BLM representatives. Agency officials voiced commitment to management for multiple uses of public lands, including livestock grazing. They admitted that friction between grazing permit holders and the custodial agencies often stems from overzealous field personnel whose own biases influence their interpretation of grazing land management objectives.

Sallie Collins, FS associate chief, calls public ranchers important partners in the management of grazing lands that are underappreciated by the public. Collins favors development of incentives to reward ranchers that practice good stewardship and management to improve their grazing allotments.

Committee business included proposals for two new NCBA resolutions. The first was designed to make judicial review of conflicts between the BLM and permit



holders a last resort. Since no statute exists requiring exhaustion of all possible administrative remedies prior to judicial review, the resolution would urge Congress to adopt legislation requiring any plaintiff to pursue resolution through administrative remedies before considering judicial review under the Administrative Procedure Act.

The second resolution responds to increasing attempts by extremist anti-livestock groups to seek court injunctions to stop permit holders from exercising their right to graze livestock on permitted allotments before litigation or agency procedures are completed. Successful blockage of injunctions would prevent

ranchers from being forced to remove cattle prior to a final ruling and resolution of a specific conflict.

— by Troy Smith

Live Cattle Marketing Committee

The Live Cattle Marketing Committee meeting was largely informational. Members heard reports on beef export verification (BEV) and instrument carcass grading from U.S. Department of Agriculture (USDA) official Barry Carpenter.

Elements for beef export verification vary with the country of destination, Carpenter said. In general, they require source and age verification, plus an array of additional requirements. Japan's

program is the most stringent, requiring that beef come from cattle harvested at no more than 20 months of age.

For producers to be in compliance with any country's program, they must have auditable records documenting birth date, transfers of ownership, and transfers of information between buyer and seller.

"They must be able to show definitive traceability," Carpenter explained. "It takes cooperation among industry segments to meet requirements and document all procedures by producers and processors.

**"Everyone must do their part to build and maintain market confidence."
—Barry Carpenter**

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Carpenter said development of technology to augment subjective carcass yield- and quality-grading practices was initiated in the 1970s, but meaningful advancements did not come for nearly 20 years. Some packers have been using image analysis instruments in-house, in addition to USDA graders, for several years. While USDA has established standards for instrument-based yield grades,

the agency is in the process of validating standards for marbling. Once that is completed, Carpenter said, more widespread application of the technology is likely.

Market analyst James Robb, of the Colorado-based Livestock Market Information Center, offered an update on the current status of mandatory price reporting. To lend transparency to markets, packers were obligated by law to report prices paid for fed cattle and wholesale beef prices, beginning in 2001. The law expired in 2004, but a one-year extension kept

mandatory reporting in force through 2005.

Though strictly voluntary at present, many packers have continued to submit price information. Robb recommended prodding Congress to reinstate mandatory reporting.

"Mandatory price reporting created a breakout of data we never had before, including cutout values for different quality grades. It reveals the differentiation in value between different parts of the carcass — middle meats versus the end meats," Robb said.

"We need a long-term extension. Five years is logical. Currently, with voluntary reporting, the system is at risk," Robb adds.

Live Cattle Marketing Committee members brought forth a resolution calling for reinstatement of mandatory price reporting with full funding. The resolution also called for increased penalties for chronic late reporting. Another resolution urged USDA to adopt image analysis technology to improve the objectivity of beef carcass yield and quality grade determination. Members also passed a resolution favoring increasing livestock truckload limits from 80,000 pounds (lb.) to 90,000 lb.

— by Troy Smith

Farm Bill Briefing

Developers of the 2007 Farm Bill need input from livestock producers, AgriLogic President Joe Davis told members of the Agriculture Policy Committee.

"There is a lack of understanding of what livestock producers want and need from the next Farm Bill. They (policy makers) need to know if you as cattlemen are happy with

the bill just how it is," Davis said.

Davis said the Farm Bill's subcommittee on livestock projects is substantially smaller than the subcommittee for crop projects. He said it's commonly understood that livestock producers benefit from conservation payments, but "if there's anything else that

you want besides conservation dollars, we need to know."

The price of livestock production inputs can be influenced by changes in program crop support levels. Davis said that if cuts are evenly applied to the commodity crops, then there is historically very little effect

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Farm Bill Briefing CONTINUED

on the livestock industry. However, if “you move around the support money to make one crop more attractive to a producer than another . . . then you will see some effects on livestock input prices,” especially feed prices, Davis noted.

After encouraging livestock producers — cattlemen in particular — to become an active voice in the Farm Bill discussions, Davis launched into a series of policy

predictions for the 2007 bill:

- ▶ There will be very little change from the current bill in terms of dollars spent.
- ▶ The next bill probably won't be written in compliance with the World Trade Organization (WTO).
- ▶ There will be continued efforts for conservation.
- ▶ A strong lobby from the commodity crops will be able to sustain a status quo in support levels with just a few minor modifications in response to the WTO.

- ▶ Natural disasters have typically been a driving factor in previous Farm Bill talks, but they won't play as large of a role for the next bill.
- ▶ To enforce payment limitations, there's going to need to be a lot more support than there is now.
- ▶ Farmland prices will not be affected.
- ▶ There will not be any significant cuts in ag research.

— Meghan Soderstrom

International Trade

Market access remained the topic of conversation at the International Markets Committee. U.S. Trade Representative Chief Agriculture Negotiator Richard Crowder opened the committee meeting with an update on recent trade negotiations, and representatives from the U.S. Meat Export Federation (USMEF) distributed a report on its overseas programs to regain market share for U.S. beef and beef products.

Bilateral free trade agreements (FTAs) and multilateral negotiations through the WTO should be seen as tools to improve agricultural trade, Crowder said. “Even though it may seem like the negotiation process is going slow, if you look back at what we've accomplished and where we would be without these negotiations, you

realize how valuable they are.

“Opening markets remains our central goal,” Crowder continued. “Without export markets, U.S. production and returns would be much smaller.

“Consider that 5% of the world's population lives in the United States. Let me put that another way: 95% of the world's population — our customers and potential customers — live outside of the United States,”

he explained. “Market access is the most important, but most difficult, task that we face.”

Economic growth in other countries plays an important role in the demand for American beef. “Fostering demand in other countries means increasing incomes. As incomes in other countries rise, so does the demand for food and value-added products, like your beef,” he said.

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Crowder added that FTAs could “lift tens of millions of people out of poverty.”

The United States currently has FTAs with 17 countries, Crowder said, and it is in the process of negotiating FTAs with 10 other countries.

“Our goal with FTAs is to improve science-based decision-making and confront those trade barriers that are not based on internationally accepted science.

“WTO negotiations allow us to address big issues and opportunities that are important to you, our farmers and ranchers,” Crowder said. He named “opening markets by cutting tariffs and limiting export subsidies” as two of the main issues the WTO can address.

Member countries of the WTO who have the highest tariffs will be subject to the highest cuts, he said. The European Union (EU) will likely see the largest cuts in the Doha round of WTO negotiations, followed by Japan and the U.S.

— by Meghan Soderstrom

Producer Education Committee

During the Producer Education Committee meeting, Bill Mies gave a review of the Beef Quality Assurance (BQA) program and its development through the years. In 1986, the Beef Safety Task Force was created to address the problem of chemical and pharmaceutical residues in carcasses. At that time, 4% of beef samples had some kind of residue. In 1988, that number fell to 0%, he said, and it has stayed there. Because of other quality issues, the

group became the Beef Quality Assurance Advisory Board.

In 1990, the biggest problem with carcass quality was injection-site lesions. At that time, 22.3% of “top butts” had lesions. Due to BQA efforts, that number quickly dropped to 2.5% as producers switched to giving injections in the neck.

As a result, Mies said, producers realized the industry needed to audit itself, and the board began a push for producer education

regarding injection-site lesions. The board obtained funds from the beef checkoff, and the first beef quality audit was performed in 1991.

“We solved a problem, and we moved on to the next,” Mies said.

It was decided that national BQA systems needed to be regulated on a state-by-state basis and coordinated on the national level. Feedlot states were the first to take part, followed by cow-calf states.



State coordinators met to share materials and techniques. In 1989, only three states had BQA programs. In 2006, Mies said, only three states *don't* have BQA programs.

Mies said BQA has produced two important accomplishments. First, beef producers became "quality conscious," he said. They weren't forced to do it; "they did it because it made a quality product."

Secondly, a network of 40-plus state coordinators was created for producers to tap into. Now, he says, there are about 45,000 BQA-certified producers and other affiliates across the country. "Producer education is the heart of what BQA is all about," he explained.

In 1989, only three states had BQA programs. In 2006, only three states don't have BQA programs.

Information dissemination

Later in the meeting, Bonnie Long from Bell Ranch in New Mexico introduced a new white paper written by Tom Field, Colorado State University (CSU); Henry Gardiner, Gardiner Angus Ranch; Ron Lemenager, Purdue University; Long; and Heidi Herring-Suttee, CSU.

The centerpiece of the project, she said, is finding that the gap between knowledge and adoption is widening. The paper addresses the central question of whether the current state of information dissemination is adequate to producers' information needs.

Since the Beef Industry Long-Range plan includes the need to "promote information accessibility," she said information dissemination methods must be improved

to "birth a knowledge society."

"As America is changing, as agriculture is changing ... information changes, too," she said. According to a study, she said, most people thought information was most credible when paid for (for example, from a veterinarian). "Those things we treasure," she said, "will not survive the brokering of information."

Local knowledge and grassroots innovations get ignored by those whose only aim is to solve a problem, she noted. Producers themselves "need to direct production agriculture research."

Finally, Long emphasized the need for a systems-based approach to interpreting and applying information.

— by Brooke Byrd

Death Tax Repeal Discussed

Repeal of the federal estate and gift tax, commonly referred to as the death tax, may come before a vote in the Senate before Memorial Day recess, Michelle Reinke, NCBA staff director, told members of the Tax and Credit Committee.

"Last April the House passed another version of permanent repeal of the death tax. The Senate intended to have a permanent repeal vote, but, unfortunately, the effects of Katrina and the other hurricanes took that off the agenda," Reinke said.

"Currently a senator from Alabama is circulating a 'dear colleague' letter urging a Senate vote before Memorial

Day," she continued. "That's important timing because the closer the vote gets to November elections, the more political it could become because your death tax vote could be used as a campaign issue."

Most relatively simple estates with a total value less than \$1.5 million and a date of death in 2005 do not require the filing of an estate tax return, according to the Internal Revenue Service (IRS). However, most family cattle operations do not qualify as a simple estate either because the property was jointly owned or its total assets are valued higher than the exemption rate, Reinke explained.

Repeal of the death tax could help keep

more family cattle producers in business for multiple generations, she said. Current NCBA policy calls for permanent repeal of the death tax.

Reinke described the repeal as a "tough vote," but said that NCBA is "still very hopeful."

She said the debate between permanent repeal and a compromise is still strong.

"You don't have the same list of senators that would vote for the repeal or for a compromise," she explained. "We've stuck with the permanent repeal message because that's what NCBA membership told us they wanted."

— by Meghan Soderstrom

Advertising Strategy Planned

During the Joint Advertising Committee meeting, 2005 key results, 2006 media updates and 2007 planning strategies were discussed. As a part of the 2005 advertising budget, \$11.72 million was set aside for "enjoyment" advertising; \$2.2 million was allocated for "nutrition" advertising; and \$1

million was set aside for retail advertising.

As a part of the enjoyment advertising, a survey was conducted that examined consumers' opinions about beef before and after seeing advertisements. While 53% agreed before seeing the ads that beef was "expensive but worth it," after seeing

the ads, 67% agreed. This is a common measure of consumer loyalty to a product, since it means the consumer is more likely to stick with beef as prices change.

For the nutrition advertising, a similar survey was conducted. Before seeing ads

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Advertising Strategy CONTINUED

promoting beef's nutritional value, 12% of consumers surveyed agreed that "beef is a light meal." After seeing the ads, 28% agreed. Similarly, before seeing the ads, 41% of those surveyed agreed "beef is a part of a healthy diet." After seeing the ads, 55% agreed. One committee member remarked that while the percentages may seem low, the Advertising Committee is working to correct 30 years of misinformation about beef's nutritional value.

The summer grilling advertising campaign was another major success for beef. With ads airing in 45 major markets, more than 20,000 supermarkets participated.

For 2006, an additional \$2 million was

Advertising Committee shifts away from TV spots to more radio advertising.

allocated for nutritional advertising — up from \$2.2 million to \$4.2 million. As part of the media planning process, a range of relevant magazines were evaluated, focusing on the best editorial environment for each type of advertising. For enjoyment advertising, food and entertainment editorials were targeted; for nutrition advertising, health/wellness, nutrition and healthy food editorials were considered.

The objective of the 2006 entertainment advertising campaign was to "fuel the passion for beef." With slogans such as "There's no such thing as a chicken knife" and "Why there are windows on oven doors," the goal is to reach 94% of beef lovers an average of 14 times. The nutrition campaign's objective is to "challenge perceptions that beef is 'fatty' and unhealthy," and includes such slogans

as "Calling beef 'fat' is not only mean, it's untrue" and "Who would have thought iron could be so tender?"

The committee also discussed the move away from television advertising to radio advertising in 2006 and 2007. With 2,755 TV channels today, as opposed to 700 in the 1980s, there are "more messages" — which means "more clutter." In 1996, nine minutes and 53 seconds of each hour were commercials; now 15 minutes and 48 seconds of each hour are commercials. In addition, TV advertising rates have more than doubled in the past 10 years, according to the *Wall Street Journal*. Radio, costs only \$5 to reach 1,000 people, as opposed to \$20-\$25 for TV. The average cost for each radio spot is \$215,000 — as opposed to \$600,000 for TV.

— by Brooke Byrd

Stretching the Dollars

The mission of the Joint Consumer Marketing Group is to pursue beef marketing objectives of the CBB and the NCBA Federation of State Beef Councils. Representatives from both entities serve on six committees that focus on the areas of consumer advertising, international markets, retail and foodservice marketing, new product development and culinary initiatives, and veal marketing.

The committees meet jointly to establish global marketing objectives and budget priorities. The group also coordinates the efforts of organizations that implement programs funded through the dollar-ahead beef checkoff, including NCBA, the American National CattleWomen Inc. (ANCW) and the USMEF.

The group also evaluates program results and budget allocations. According to NCBA's Mark Thomas, checkoff investments support research and development and implementation of marketing programs. But, some of the most successful programs result from collaborations with a variety of partners. According to Thomas, producers' checkoff

dollars are stretched farther through cooperative efforts.

For example, educational promotions aimed at foodservice and retail buyers provide an introduction to new beef products developed through checkoff-funded research. Establishing relationships with companies, such as Quiznos and Boston Market, have served as a bridge to partnerships where the companies also invest in consumer-targeted promotion of beef through retail outlets.

Successful partnerships with foodservice and restaurants have resulted in growing sales of new beef cuts from the underutilized chuck. The flat-iron steak has surpassed the porterhouse in restaurant sales. Merchandising of the ranch steak and petite tender, and other "beef value cuts" taken from the chuck, are gaining ground.

Consumer market research studies that benchmark consumer attitudes and

behavior also aid beef merchandisers. A review of a foodservice operator's attitude and usage study resulted from a partnership with *Restaurant Hospitality* magazine.

Targeting nutrition-conscious consumers, collaborations with retail chains have resulted in expanded product labeling to profile beef's nutrition profile and spurred sales. Other programs forged with retail partners involve in-store beef promotions and expanded print and radio advertising.

Checkoff dollars are leveraged in supporting USMEF's promotion of beef sales abroad. Investments from corn and soy checkoff programs are combined with beef checkoff dollars and USDA foreign marketing funds to promote establishing and developing foreign markets.

— by Troy Smith

Joint Consumer Marketing Group establishes global marketing objectives and budget priorities.

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Proving Beef's Value

At the Nutrition Research Discovery Symposium Thursday, Feb. 2, five scientists presented findings showing beef in a new nutritional light. The symposium served as a planning meeting for members of the various nutrition committees to develop research priorities for the future.

Bill Layden, LaydenWorks LLC, talked about how investing in beef nutrition science is investing for the future. However, he said, "It's not just science. You've got to have scientific excellence." More and more, the quality of science is going under the microscope, with different scoring systems based on how much evidence is available. For all the different types of scientific studies, there are different effects.

Layden emphasized that science is key to keeping beef on the consumer's plate. "Nutrition science is the foundation to protect, promote and manage," he said. "Let the science speak for itself."

In order to face up to challenges that will be confronting the beef industry nutritionally, Layden said scientific studies are necessary to back up beef's nutrition claims. Even more important, he noted that for scientific evidence to be considered when developing the 2010 Dietary Guidelines, it must be in the public domain and published by 2008. Finally, he reminded those present that "science is a discovery process — it's not an end point."

Results of 2005 priorities

Shalene McNeill, NCBA director of nutrition research, discussed the nutrition research priorities set in 2005, for which studies have been and are currently being conducted. Priorities were to study:

- 1) beef's role in weight management, optimizing body composition and metabolism;
- 2) beef's contribution as a naturally nutrient-rich food to improve overall diet quality;
- 3) beef lipids in perspective; and
- 4) innovation.

Five scientists then presented their research.

Building muscle. Douglas Paddon-Jones, assistant professor of surgery and director of Exercise Metabolism Laboratory, University of Texas Medical Branch and Shriners Hospital for Children, discussed one completed and one ongoing study about beef's role in building muscle. His results indicated that including 4 ounces (oz.) of lean beef in the diet every day stimulates muscle protein synthesis in both young and elderly individuals, with metabolic and functional benefits.

Weight management. Donald Layman, Department of Food Science & Human Nutrition, University of Illinois at Urbana-Champaign, discussed the role of beef in weight management and body composition.

With a purpose of establishing the role of dietary protein in life-long health and establishing a positive understanding about protein's role in a healthy diet, his study raised questions about how protein needs apply to age (young vs. older adults), as well as effects on carbohydrate metabolism.

Evaluating intake. Lynn Moore, associate professor of medicine at Boston University School of Medicine, gave a talk on developing data sets for evaluating beef intake when researching nutrition.

Using food diaries and nutrient analysis

programs, Moore found that except for teenage girls, children mostly ate high-fat forms of beef. As participants aged, the amount of lean beef consumed increased.

Feeding flax. Denis Medeiros, professor and head of the Department of Nutrition, Kansas State University, studied the health benefits resulting from feeding flax to beef cattle.

The goal of the research was to see if feeding flax resulted in more omega-3 fatty acids, which can be beneficial to human health, appearing in beef products. After feeding flax-fed beef to rats, Medeiros saw a rise in omega-3 fatty acids and lower cholesterol levels.

Designer beef. James Reecy, Iowa State University, presented a study about developing tools to allow cattle producers to select for healthier beef. He found that certain fatty acid compositions are more heritable than others and differed between breeds. The study indicated fatty acid desaturation is more heritable than fatty acid elongation.

In the future, he suggested, DNA markers will help producers select for a healthier final product.

— by Brooke Byrd



The Healthy Beef Cookbook

Nutrition experts at the American Dietetic Association and beef experts at the National Cattlemen's Beef Association (NCBA), with funding from the Cattlemen's Beef Promotion and Research Board (CBB) and state beef councils, have brought together great taste and nutrition in a collection of delicious, nutrient-rich recipes featuring America's favorite protein.

The *Healthy Beef Cookbook* makes it easy to follow the new 2005 Dietary Guidelines and MyPyramid recommendations. Each recipe packs essential nutrients into fewer, smarter calories. Nearly 75% of the recipes contain less than 400 calories per serving. More than half of the recipes are complete meals — incorporating all food groups.

The cookbook can be found at bookstores nationwide. Copies can also be ordered by calling 1-800-368-3138.

