

# Forums Address Industry Issues

Sessions tackle industry challenges, offer solutions.

**T**hough a certain degree of uncertainty remains, the future of the beef industry is sure to be influenced by public policy, technology and fluctuating market demand, among other issues. The 2006 Cattle Industry Annual Convention in Denver, Colo., offered cattlemen insight on these key topics by hosting a Beef Industry Issues Forum on Feb. 2. The forum featured industry experts, panel discussions and an opportunity for producers to ask questions.

Five sessions were offered, including “The National Animal Movement Database,” “The 2007 Farm Bill: What You Need to Know,” “Instrument Grading: A Technology Whose Time has Come,” “Retail Marketing Strategies: What They Mean for Cattlemen,” and “Beef Industry Long-Range Plan 2010.” Summaries of each session follow.

For Angus Productions Inc.’s (API’s) complete online coverage of the event, log on to the newsroom at [www.4cattlemen.com](http://www.4cattlemen.com).

## USAIO Offers Data Management Plan

Representatives from the newly formed U.S. Animal Identification Organization (USAIO) shared their vision for managing an animal identification (ID) movement database and showcased the technology that they propose will fulfill the database requirements specified by the National Animal Identification System (NAIS).

Global competition, consumer confidence and disease surveillance are driving the need for this system, USAIO Chairman Charles Miller said. For the NAIS to be successfully implemented, it must be an industry-driven effort, USAIO board member Rick Stott offered.

**USAIO  
proposes  
ViaTrace as  
the database  
technology  
supplier  
for NAIS.**

Stott said the ID and tracking system should mirror commerce. Since livestock usually move through the supply chain in groups/lots, the system should be able to handle group/lot ID in addition to individual animal ID, he explained.

USAIO proposes that ViaTrace be the database technology supplier for the system. ViaTrace’s Joe Queenan said the company offers a Web-based, multilingual database capable of managing information for multiple species. The system, called ViaHerd™, is capable of recording ID information for group/lots, as well as for individual animals, he continued.

Queenan stressed that the system’s

capabilities exceed international legislative standards for livestock movement and disease surveillance. “ViaHerd is an advanced crisis management tool,” he said.

In addition to storing and tracking animal ID numbers, the system also contains information about specific diseases and recommendations about what to do if the diseases are detected in tracked animals.

In early January, the USAIO submitted a memorandum of understanding (MOU) to the U.S. Department of Agriculture (USDA) to develop the database repository. Miller said that in recent talks with USDA about the MOU, Agriculture Secretary Mike Johanns “encouraged the USAIO to move forward and act as a beacon for others to follow.” The organization is currently doing beta-tests.

— by Meghan Soderstrom

## Marketing Council Considers ID

The National Cattlemen’s Beef Association (NCBA) Livestock Marketing Council — consisting primarily of auction market operators, livestock dealers and order buyers — heard a presentation on the newly formed U.S. Animal Identification Organization (USAIO), which will serve as a central data repository for the National Animal Identification System (NAIS).

Jim Akers of the University of Kentucky and Southeast Livestock Network offered an update on current identification (ID) technology and explained how it may affect auction markets.

“National ID is coming, and sale barn operators might as well figure out how they are going to make it work,” Akers said. “Implementing NAIS will be challenging, but it’s doable.”

According to Akers, as change of ownership is tracked for NAIS, responsibility for reporting data will fall to the receiving premises. Auction markets will be responsible for collecting source-premises ID numbers and individual animal ID numbers for cattle sold through their facilities and for submitting the data to the repository. To comply, they will have to equip their

facilities with “readers” for scanning the electronic ID ear tags.

Akers said most market operators need not invest in major remodeling of facilities. In his experience, most existing facilities can be adapted so that incoming cattle can be stopped long enough to scan individual tags with handheld readers, or panel-style readers can be installed so that tags are scanned as animals pass by.

Since many producers may not tag their animals before marketing them, tags may be applied upon delivery to an auction market. Therefore, auction markets have the opportunity to provide a tagging service and additional data management services to help their customers add value to their cattle.

Council members also heard from livestock auction insurance representative Jeff Howard, who reported a leveling off of insurance rates. Legal counsel Larry Oldfield offered tips for improved business practices and recordkeeping to avoid lawsuits.

— Troy Smith



## 2007 Farm Bill

What might beef producers expect as Congress forges the 2007 Farm Bill? During an Issues Forum session, agriculture advocate and Capitol Hill insider Randy Russell talked about the political climate and factors sure to affect future Farm Bill legislation.

With regard to federal spending, Russell said all ag interests will be clamoring for a part of a smaller slice of the pie. Presenting an overview of the \$2.5 trillion federal budget, Russell said Congress will be reluctant to trim spending from Social

Security, Medicare and Medicaid, or defense. Nondefense discretionary spending and other mandatory spending (which includes farm programs) together represent only 30% of the budget. However, those areas will bear the brunt of cuts to reduce deficit spending.

Russell said USDA's own budget reflects a lopsided approach to spending. Of the 2006 budget's nearly \$57.3 billion, 90% of the total goes toward price supports (32%) and food stamps (58%). Conservation programs receive 7%, with the remaining 3% going toward export/trade and miscellaneous items. Conservation spending is likely to be pared further.

Russell said the coming debate has the makings of "a perfect storm." Budget constraints, stymied World Trade Organization (WTO) negotiations and newcomers to the Farm Bill party will affect agriculture. Animal rights/welfare interests want a piece of the action, and animal agriculture won't like whatever they are proposing, he said. Radical environmental groups will be present, looking for ways to

dismantle farm programs, he continued.

Among key livestock issues, Russell expects resolution of the country-of-origin labeling (sometimes referred to as COOL or COL) issue — probably with an effective date set for September 2008. He also expects Congress to enact mandatory individual animal ID. Livestock contracting arrangements should receive continued scrutiny, and more restrictions on production practices will be proposed as activists try to sway public opinion and push for new legislation.

On the bright side, Russell said, the National Cattlemen's Beef Association (NCBA) is respected in Washington, D.C., due to its market-oriented approach and consistent message. The organization has been most effective by outworking its opponents.

"Challenges associated with the 2007 Farm Bill debate are great. Most of what can happen is negative," Russell warned. "It will require NCBA and its membership to be up to the challenges and take on their opponents."

— by Troy Smith

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—Randy Russell**



Randy Russell

PHOTO BY TROY SMITH

## Instrument Grading

The USDA grading system has long been criticized for its subjective measures of carcass merit, where human fallibility may result in inconsistent application of carcass yield and quality grades.

Instrument grading, through color image analysis, is now touted as an answer to reducing and possibly eliminating grading inconsistency problems. During an Issues Forum session, attendees

heard comments from a beef packer representative and a USDA grading system official regarding application of instrument grading technology.

Sharing a packer's perspective, Glen Dolezal of Cargill Meat Solutions (Excel) said his company has been exploring instrument grading for 15 years. Currently, the technology is applied in all six of Cargill's North American steer and heifer harvesting plants.

Vision cameras capture

images of the ribeye at the same time each carcass is evaluated by USDA graders. More than 27,000 images per day are captured to analyze ribeye area, intramuscular fat (IMF) deposition (marbling), backfat thickness and lean-muscle color.

"We're highly confident in the technology and expect to capture error-free images on a minimum of 97% of all carcasses," Dolezal reported. "The technology's shortcoming is its inability to determine skeletal maturity. We still need human intervention for that."

Dolezal said image analysis and determination of carcass grades can be

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**Martin O'Connor emphasized the potential to improve determination of carcass value.**



### Instrument Grading CONTINUED

achieved at the rate of one carcass every eight seconds. Cargill uses the technology to track the consistency of USDA graders and cattle buyer performance. Data collected also helps measure fabrication floor performance within plants.

“We support implementation of instrument-based grading and carcass merit assessment to improve sameness in USDA grading,” Dolezal stated.

Grading system official Martin O’Connor said USDA agrees with the rationale for using instrument grading to reduce variation within and between packing plants. He emphasized the

potential to improve determination of carcass value based on more precise yield grades and marbling scores that influence quality grade.

“Packers have used it enough to see the value of instrument grading,” O’Connor said. “But, USDA has to be deliberative and use scrutiny in embracing the technology — to ensure reliability when applied at plant chain speeds of up to 500 carcasses per hour.”

O’Connor said USDA has approved image analysis for determination of yield grade and is in the process of validating performance standards for instrument-based evaluation of marbling.

— by Troy Smith



## Retail Marketing Strategies



During the Issues Forum, Jack Allen from Michigan State University spoke about what’s happening in the retail marketplace in regard to beef.

Part of understanding the beef industry, he said, “is understanding what’s going on in the marketplace.” Beef producers need to become “constant students” and monitor the changes around them to be better prepared for what changes may come.

“What retailers do really matters,” Allen said. “Are we going to help make things happen at retail?” The way that retail marketplaces do business has changed in recent years, he explained. Instead of ordering meat from a butcher, most consumers simply pick up case-ready beef.

Convenience and price have become some of the biggest indicators of a consumer’s willingness to buy. And, he said, “those differences are going to be more pronounced than ever before.”

With so many new products and brand marketing, Allen said, “you have very, very, very strong partners in the processors.”

Retail developments are also driving consumers and competition, he said. Wal-Mart, especially, cannot be ignored. “The best retailers are those who have the skill to satisfy the shoppers they have targeted,” Allen explained. Wal-Mart, he said, “is everybody’s best customer.”

He demonstrated advances in products, including packaging vegetables with beef for complete meals and modified-atmosphere (MAT) packaging with more oxygen to extend product shelf life.

“Concentration of the industry has spurred competition and differentiation,” Allen noted. With every other retailer forced to compete with Wal-Mart, “retailer operations are shaped by innovation.”

The introduction of case-ready products forms a “structural change” in the marketplace. “Not meat, not produce, but meals,” he said, are the wave of the future for the beef retail market.

— by Brooke Byrd



## Long-Range Plan

Every five years, the beef industry creates a long-range plan with goals to accomplish by a specific year. The 2010 long-range plan was created to grow the beef industry and keep it viable.

Guiding principles when designing the plan, said Dee Lacey, Long-Range Plan group chair, included remembering that the beef industry is uniquely independent, yet interdependent on its members. Cow-calf producers, Lacey added, form the foundation of the beef production chain.

Because the beef industry faces intensified competition, changing consumers and other critical issues, the long-range plan is meant to mobilize industry members to prosper amidst competition.

The 2010 Beef Industry Long-Range Plan begins with one vision: "A beef industry that is profitable, growing and

sustainable for future generations." The mission is to "mobilize all U.S. cattle and beef industry participants to prosper amid growing competition by solidifying U.S. beef's position as the world's most preferred protein."

The plan includes four priorities:

- 1) Create value through beef production.
- 2) Create growth through consumer markets.
- 3) Create sustainability through a favorable business climate.
- 4) Create opportunity through global competitiveness.

The ultimate goal of the plan is to achieve certain results by 2010. To succeed against domestic competition, one goal is to increase beef demand by 10%. Another goal is to establish a consumer satisfaction index by the end of 2006. To succeed against international competition, one goal is to

increase U.S. beef exports from 1 billion pounds (lb.) in 2005 to 3 billion lb. by 2010. Another goal is to improve the balance of trade by becoming a net exporter in terms of value by 2010.

While some cow-calf producers have negative opinions of packers, "we've all got to survive within this industry," said Jackie Moore, Long-Range Plan group member. All facets of the beef industry need to present a united front to survive and grow. "We've got to be proactive to make sure we win the battle of consumer confidence," said group member Steve Hunt. "We cannot have policies that place undue costs or burdens on our industry," Mike Thoren added.

"We're part of a global economy, and there's nothing we can do about it but participate," Jack Hunt concluded.

— by Brooke Byrd



### Working Group Considers BSE, Bluetongue

Born of the National Cattlemen's Beef Association (NCBA) Animal Health and Well-being Committee, the U.S./Canada Issues Working Group has concerned itself primarily with animal health issues affecting movement of cattle across the U.S.-Canada border. Members spent a majority of their time discussing the countries' respective policies related to bovine spongiform encephalopathy (BSE) and bluetongue disease.

#### BSE situation update

Noel Murray of the Canadian Food Inspection Agency (CFIA) Animal Health and Production Division offered details about Canada's most recent case of BSE. Discovered in January, the Holstein-Hereford crossbred cow was born in April 2000 and lived its entire life on the same farm. Murray said Canadian officials have followed international standards for tracing and identifying cohort animals and progeny of the affected cow.

The age of the animal indicates she was born after implementation of Canada's ban on use of ruminant byproducts in feed. The feed ban, Murray said, was implemented in 1997. However, existing feed supplies were not recalled. That left a potential opportunity for BSE transmission, which may explain the latest case.



"It shows that the feed ban was imperfect," Murray stated. "Finding an additional case does not mean BSE is on the increase. It does mean the sensitivity of our surveillance is increasing."

Murray said it is reassuring that so few cases — three affected animals in three years — have been found out of 85,000 animals tested. He said the ban has effectively limited opportunities of exposure but Canada is fine-tuning its surveillance program and considering a ban on using specified risk materials (SRMs) in any animal feed or fertilizer.

#### Bluetongue frustrations

U.S. seedstock breeders present expressed frustration over Canadian bluetongue regulations prohibiting import of U.S. breeding animals to Canada. They noted how provisions exist for movement of feeder cattle across the border and no scientific evidence supports prohibition of breeding stock. Their frustration was heightened by the belief that the bluetongue issue had been settled last March.

CFIA representative Dennis Laycraft echoed frustration, agreeing that no valid reasoning justified the prohibition rule. Laycraft called it a "temporary hiccup" in procedures, blaming the situation on the recent change of government in Canada.

Laycraft said the rule remains in place against the advice of the agency, and the Canadian Cattlemen's Association (CCA) also is applying pressure to correct the situation.

— Troy Smith