

Southwest Beef Symposium Informs Cattlemen

New Mexico State and Texas A&M came together to educate southwest ranchers.

by Sara Gugelmeyer

A wide variety of topics and perspectives were presented at the Southwest Beef Symposium in Clayton, N.M., Jan. 9 and 10. Export markets, sustainability, weather and more were covered at the annual symposium co-hosted by New Mexico State University (NMSU) Cooperative Extension Service and Texas A&M University (TAMU) Agri-Life Extension.

After Manny Encinias of NMSU Extension welcomed producers and industry stakeholders to the Clayton Civic Center Jan. 9, the day's presentations kicked off with information about beef industry issues.

Beef export markets

Leann Saunders opened the gathering with a dynamic presentation on beef exports. Saunders is the co-founder and president of Where Food Comes From

Inc., which was formerly called IMI Global. Where Food Comes From is described as "a one-of-a-kind brand, which combines the verification and traceability expertise of multiple verification divisions with new Quick Response (QR) code technology to allow consumers to use their Smart Phone to scan food product labels and quickly access detailed information about the product's origins." Saunders is also the chair-elect of the U.S. Meat Export Federation.

Saunders' presentation, titled "Effects of Global Exports on U.S. Beef Producers," reminded cattlemen that 96% of the world's population is outside the U.S.; therefore, exports are critical to the industry's continued success.

"We only export 13% of the beef produced in the U.S.," Saunders said, "but they're the most underutilized cuts."

She used examples of cuts exported to Mexico being the rounds, shoulder clods, inside skirts

and variety meats. She explained that nearly all of the beef livers the U.S. produces go to Russia (when that export market is open, right now it's closed) and Egypt. Hong Kong and Taiwan have great demand for beef short ribs.

Because these cuts are of little value to the U.S. consumer, exporting beef increases the value per head between \$3.50 and \$8. "Growth in exports to Japan and Hong Kong helped support the chuck, rib and short plate complexes," Saunders said. "Bone-in short ribs and chuck short ribs traded at record prices in 2013, adding more than \$12 per head, while ribeyes and strips were relatively even with 2012."

Saunders said that, currently, the supply situation is helping cattle prices the most but that going forward, it's important to remember that global brands need more standards and verification because they're selling to markets that require it. She said opportunities for beef producers

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lie in differentiation around verification and sourcing. People in the U.S. and around the world want to know more and to be more attached to their food.

Wal-Mart continues to be the largest global supermarket company in sales at \$244 billion.

Saunders emphasized that in the global marketplace, there are many more traceable options than U.S. beef. Brazil, Uruguay and Canada are just a few of the countries that provide more traceability through the beef supply chain.

She summarized by saying that the U.S. will remain a leading supplier of red meat, because it provides a differentiated product of high-quality grain-fed beef with the ability to be price competitive because of production efficiency and the lower value of the dollar.

But, "In the future," she says, "the U.S. will need to remain a leader in opportunities for differentiation including: food safety, traceability, animal welfare and sustainability."

Saunders explains that, "Research shows that over 50% of consumers said it was important for them to know about the use of hormones, antibiotics, pesticides, genetic modification and the humane treatment of animals when selecting their meat, produce, or dairy and egg products."

She added that the same research study showed that over 50% of consumers said it was increasingly important for them to support farms and food producers whose values are similar to their own.

Sustainability

The sustainability topic tied directly into Tom McDonald and Ben Weinheimer's presentation. McDonald, vice president of environmental affairs for JBS Five Rivers Cattle Feeding, Dalhart, Texas, and Vice President of Texas Cattle Feeders Association (TCFA) Ben Weinheimer discussed "Beef Sustainability: Implications for Cattlemen."

"Americans not only want to buy products that work, they also must align with their values."

— Tom McDonald



McDonald led off with an attempt to define sustainability, which isn't as easy as it sounds. He explained that with their increased interest since 2005, "Americans not only want to buy products that work, they also must align with their values."

He contrasted that statement with what most ranchers think of as sustainability, meaning that revenue exceeds expenses.

He provided information about how McDonald's and Wal-Mart have already started sustainability programs, requiring that certain standards are met for the beef that they buy. Wal-Mart announced in September 2013 that it was launching a pilot program with guidelines on land stewardship, water quality and reduced feed and manure emissions. Wal-Mart set the goal of 15% of its beef supply meeting these environmental criteria by 2023. On Jan. 7, 2014, McDonald's announced that it will begin purchasing verified sustainable beef in 2016, the first step on a quest to purchase sustainable beef for all its burgers worldwide.

Basically, McDonald explained that Wal-Mart and McDonald's have gone to the major packers, of which there are just a few, and told them that if they want to sell beef, they must provide detailed information about how each animal was handled along the production chain. For example, the packer must provide information on how each calf was weaned, castrated, transported, doctored, etc. The list goes on and on.

"This is impossible in the current production system," McDonald admitted. The beef

industry, from cow-calf producers to packers, is working with the major retailers and food service companies to establish reasonable expectations. Collecting all of that information and keeping records on it is extremely difficult and time-consuming, and at this point, no one is willing to pay more.

Ben Weinheimer weighed in on the sustainability issue from more of a research angle. He explained that the National Cattlemen's Beef Association (NCBA) has been working on a project called the Beef Sustainability Assessment, which is beef checkoff funded. The first determination was to emphasize that "zero impact is not possible." Weinheimer said, "It's important to remember that there are tradeoffs, and food production will result in an impact. The goal is improvement over time."

In the spirit of "we can't improve what we don't measure," the Beef Sustainability Assessment was born.

Using data from 2005 to 2011, the Meat Animal Research Center in Clay Center, Neb., a "life-cycle assessment" was conducted. The data collection were extensive; everything was recorded — all the way from the cow to the plate. For example, even energy used to make the ranch pickup was factored in.

What the life-cycle assessment showed was that in just six years, the beef industry has improved overall sustainability by 5%. Some highlights were as follows: a 2% reduction in energy use, a 3% reduction in water use and an amazing 32% reduction in occupational accidents and illnesses.

The other group that's measuring the beef industry's sustainability is the Sustainable

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Food Lab. The Sustainable Food Lab is a "consortium of business, nonprofit and public organizations working together to accelerate the shift toward sustainability."

The Sustainable Food Lab facilitated the U.S. Beef Stewardship Collaboration Project in the spring of 2013, which involves additional organizations including McDonald's, Wal-Mart and NGOs (non-governmental organizations). The project's stated mission is to ensure "U.S. beef production is recognized and can validate that it is economically sound, socially responsible and economically viable."

TCFA and NCBA are involved in the project to represent the interests of beef producers, to protect and maintain the ownership of the Beef Quality Assurance program and to serve as technical experts on the Beef Quality Assurance program.

Weinheimer stressed that NCBA and TCFA are working to represent the industry accurately to NGOs. He indicated that NGOs (which would include groups like the Nature Conservancy, World Wildlife Fund, etc.) have a lot of influence and that beef producers need to be aware of their influence.

Weinheimer left the group with this comment, "Nobody really knows what sustainability means, some of it is so intangible it's hard to manage."

McDonald added, "We are trying to define sustainability every day and make it work for us."

Weather

Ranch-raised meteorologist Brian Bledsoe, Colorado Springs, Colo.,

gave a sobering but informative presentation on the weather. Despite his cheerful presentation filled with jokes, there wasn't a smile in the crowd as Bledsoe dealt the blow that, in his opinion, the drought is far from over.

"During the past several months, drought has improved in parts of the Plains," Bledsoe said, "but still lingers in parts of the Corn Belt while intensifying in the West."

He explains there is a big similarity between this persistent drought in the southwestern third of the country and what occurred in the 1950s. Bledsoe believes that this similarity is due to the particular phases that the oceanic oscillations are currently favoring.

"It is virtually identical to the 1950s," he said.

Bledsoe continued, "Since September, very little rain or snow has occurred across most of New Mexico and northwest Texas. In some cases, the drought was never erased or has started to rebuild. I believe the only thing that fixes this drought is a lot of snow."

He explained the weather in the Southwest and western High Plains is largely affected by the overall temperature of the Pacific Ocean. When the Pacific is in a particular phase (warm or cold), it usually stays that way for 20 to 30 years, Bledsoe said. That phenomenon is the problem with the weather in the Southwest and High Plains region right now. It is stuck in a pattern that normally favors drought in the southwestern third of the country.

Bledsoe said that while neither El Niño nor La Niña will control the weather in the short-term,

producers could see some spring moisture. Then, as a weak El Niño develops in the latter part of 2014, more drought relief is possible.

Still, he warned producers, "While we may see some periods of wet weather, dry and droughty years are here to stay. The wet times will be shorter, and the dry times will be longer."

Bledsoe also spoke about his weather consulting business, which provides ranchers with weather-related advice and help with drought plans. More information can be found at brianbledsoewx.com. He encouraged cattlemen to e-mail him anytime at brianbledsoewx@gmail.com.

More to come

Continuing with the beef industry issues theme, Larry Fluhman, president of Farmers & Stockmens Bank in Clayton, presented information on "Have Ag Lending Policies Changed?" His answer was "yes, they definitely have." Look for more on that subject in the August *Hereford World*.

On Jan. 10, TAMU, NMSU and Kansas State University professors and Extension specialists weighed in on considerations that are important when producers are rebuilding or restocking — yes, there is a difference — and three managers from some of the largest ranches in the area talked about their rebuilding and restocking efforts since the drought has eased somewhat. Watch for details on those topics also in the August *Hereford World*. **HW**