

Members Elect Officers, Direct Policy

A New Day in the Sun: 2009 Cattle Industry Annual Convention and NCBA Trade Show

Members of the National Cattlemen's Beef Association (NCBA) conducted their board of directors meeting and annual membership meeting Jan. 31 as the 2009 Cattle Industry Annual Convention concluded in Phoenix. This year's convention and trade show was attended by approximately 5,300 people.

Angus breeder Gary Voogt of Michigan was officially elected to succeed Andy Groseta as NCBA president for the coming year.

Voogt praised members for a successful conference. "I'm so pleased with the high level of participation we've had this week," he said. "Our discussions have been extremely productive and will no doubt set us on a path for success in 2009 and beyond."

Cattle producer discussions during the convention resulted in

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a number of policy directives and recommendations for 2009.

In the area of cattle health and well-being, members engaged in a productive conversation with the U.S. Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS) regarding an updated and workable approach to animal disease programs, particularly bovine tuberculosis and brucellosis. They also discussed the severe exacerbation of disposal issues producers are already experiencing due to the enhanced feed ban, months before it even goes into effect. Finally, members reaffirmed

the industry's commitment to humane care and handling of cattle.

Federal Lands Committee members resolved to encourage local, state and federal agencies to consider livestock grazing as the first solution for fuel load reduction in order to reduce wildfire potential and improve livestock and wildlife habitat.

Agricultural Policy members resolved to oppose the Employee Free Choice Act and any other effort that would take away an employee's right to privacy. Specifically, the resolution expresses opposition to: allowing a Card Check system instead of secret ballot voting to organize a union; forcing collective bargaining upon businesses and their employees; and requiring forced arbitration to determine wages and benefits without ratification vote by employees.

Also under agriculture policy, members voted to amend current

policy with respect to the Beef Checkoff Program to allow promotion of U.S. beef and ensure the program remains fair, cost-efficient, and coordinated in order to achieve long-range goals.

With regard to international markets policy, members resolved to increase the age restriction for trade with Japan from 20 months to 30 months. The current age restriction into Japan is limiting American producers to about 25% of our potential sales there, which means U.S. beef producers are still missing out on \$1 billion in exports annually.

All policies adopted are now subject to approval by more than 30,000 NCBA members nationwide. Convention results will become official after a mail-in ballot process concludes in March.

Members also voted on new
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PHOTO BY TOSHA POWELL

American Angus Association, Certified Angus Beef LLC (CAB) and Angus Productions Inc. (API) staff manned the Angus booth to inform producers and industry of Association programs and services.



Yon Family Farms of Ridge Spring, S.C., was named the national Environmental Stewardship Award Program (ESAP) winner. For more, visit the newsroom at www.4cattlemen.com.

Association Structure Discussed in Leadership Forum

Potential changes to the National Cattlemen's Beef Association (NCBA) governance structure were discussed during the 2009 Cattle Industry Convention in Phoenix, Ariz. A year ago, NCBA members shared concerns related to the association structure with members of a Governance Task Force co-chaired by past presidents Jan Lyons and John Queen. Presented at this year's Leadership Forum were results of an analysis of NCBA structure by a professional consulting firm.

OPIS LLC, which specializes in association management issues, was engaged to assist the task force with identifying shortcomings of the current association structure and developing solutions.

According to Michael Gallery of OPIS, the current NCBA structure is cumbersome and may even perpetuate divisiveness among the membership. Gallery referred specifically to the separatist nature of the association's Policy Division, which deals with legislative issues, and the Federation of State Beef Councils, which develops and implements beef promotion programs funded by beef checkoff funds provided by the Cattlemen's Beef Promotion and Research Board.

Originally, the purpose of the two separate divisions was to maintain

a "firewall" to ensure that lobbying efforts directed by the Policy Division were funded only through membership dues, while checkoff dollars were used only to fund programs for beef promotion and research. Legislation that authorized the mandatory dollar-a-head checkoff prohibits use of collections for lobbying efforts.

"We believe the current governance creates a firewall to communication," Gallery stated. "We're not suggesting you should relax the required separation of dollars, but there are other ways to do it than the way you are trying to do it now."

OPIS will assist the Task Force in identifying specific problems with the current governance structure and development of solution alternatives. Pending approval by the NCBA Board of Directors, the Task Force will then propose a plan, including timelines, for implementing a new structure. The plan will be brought before the membership for final approval.

"The devil is in the details," said Task Force co-chair Jan Lyons, of Manhattan, Kan. "We want and expect members to provide input to help direct this process."

— by **Troy Smith**

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officers for the upcoming year. In addition to Voogt's election as president, Steve Fogelson of Illinois was chosen as NCBA president-elect, and Bill Donald of Montana was elected as NCBA's Vice President.

Newly-elected officials to the NCBA Executive Committee include:

J.D. Alexander (Nebraska), Chairman, Federation Division; Scott George (Wyoming), Vice Chairman, Federation Division; Eric Smith (Alabama), Chairman, Policy Division; and Tracy Brunner (Kansas), Vice Chairman, Policy Division.

The following individuals were elected as Federation Division Representatives

to the Beef Promotions Operating Committee: David Dick (Missouri), Becky Walth (South Dakota), Linda Joy Stovall (Texas), Tamara Ogilvie (New Mexico), Craig Uden (Nebraska), David Hamilton (Nebraska), Helen Weise (Iowa), and Chuck Adami (Wisconsin).

NCBA members also honored two

industry leaders who passed away in 2008, Lynn Cornwell and Steve Hailey. Their lives have touched many people in the beef industry, and they will be greatly missed by all who knew them.

Members bid farewell to Terry Stokes and celebrated his distinguished career as NCBA CEO. Stokes recently stepped down after 13 years of service, handing over the reins to Forrest Roberts.

"While we will all miss Terry greatly, we're looking forward to a new and exciting chapter with Forrest at the helm," Groseta continued. "I'm confident that Forrest's wealth of experience, fresh ideas and intense passion for the industry will raise this organization to even new heights."

Roberts laid out some of his priorities for the coming year, including his commitment to growing domestic beef demand, expanding access to foreign markets, and protecting the U.S. beef industry from actions that could impede a favorable business climate.

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— Gary Voogt

Voogt closed the convention with his outlook for 2009.

"These are challenging times, but now is not the time to change course," he said. He cited recent successes, including a 6.7% increase in membership over the past year, as well as the approval by the board of directors of a new and improved governance structure for NCBA.

"Our association is the oldest, largest and most successful national organization of cattle producers," Voogt said. "By continuing to speak with a unified voice and our mutual goal of increasing profitability, the U.S. beef industry is sure to continue prospering for years to come."

— by NCBA staff

Editor's Note: *More than 70 articles and several photo galleries covering the convention are available at www.4cattlemen.com, the meeting coverage site provided by Angus Productions Inc.*

Attitude is Greatest Challenge



PHOTO BY TOSHA POWELL

Randy Blach

2010. He projected demand to remain soft in 2009. If the price uptrend fails to hold, downside risk is very possible, he said, which would indicate beef demand is contracting further. However, he said

opportunities exist to increase demand by expanding access to export markets.

Blach said expanding Japanese market access could increase prices by up to \$50-\$60 per head. "If we had a single issue we

were focusing on as an industry, that'd be my pick," he said.

He added that Mexico and Canada are two of the largest export customers

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"The thing I'd like to challenge you with is our attitudes," Cattle-Fax Chief Executive Officer (CEO) Randy Blach said as he opened the long-term outlook portion of the Cattle-Fax Outlook Seminar Thursday during the 2009 Cattle Industry Annual Convention in Phoenix. "We've had hard times before. This is a difficult time, but we'll get through it.

"The lion's share of the factors are really quite friendly," Blach continued. Packer and retail margins are actually quite good today, he explained. Production costs, while remaining elevated in 2009, will moderate compared to last year. Long-term, prices are testing the uptrend, and a decline in meat supply in 2008 should support higher prices.

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Fed-cattle prices are expected to average in the low 90s in 2009, ranging from the low 80s to near \$100 per hundred-weight (cwt.) by late in the year. Stocker profitability is expected to remain positive in 2009. Calf prices have snapped back up from their December lows. Now at \$100-\$105 per cwt., Blach said he doesn't think they'll go any cheaper.

Blach was quick to point out that demand is the real wild card of 2009-

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of U.S. beef, which makes mandatory country-of-origin labeling (mCOOL) a concern as it functions as a nontariff trade barrier. Maintaining access to Mexico and Canada, as well as expanding access in Japan, are key to the success of the U.S. beef industry.

“We are in extremely dynamic times,”

Blach said. “Global markets open up opportunities, but also present changes.” He advised producers to remain adaptable.

“The markets have changed,” Blach said, citing as an example that feeder prices are no longer tied to corn prices the way they once were. “If you’re still using the old playbook from 10 to 15 years ago,

you’re going to be frustrated,” Blach stressed.

No doubt today’s economic recession is on the top of most people’s minds when they think of changing markets. A loss of U.S. household equity of \$800 million has been tremendous, Blach said, especially for those who haven’t been managing risk.

The packing industry has downsized, but it’s still overbuilt. The feedlot sector is overbuilt as well, and that excess capacity, aggravated by other factors, is what has led to the current situation of the most severe feeding losses in more than 30 years. In 2008, average fed-cattle losses neared \$130 per head.

Long term, fewer feeding companies will finish a higher percentage of cattle, and the average size of operations will continue to grow, Blach said. He encouraged producers to ask themselves what they need to do in order to remain competitive.

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“Are you making changes in business practices to ensure you can survive?” Blach asked.

Index, hedge and managed funds are going to continue to be part of the agriculture commodity market, he noted.

Assuming no hedging, cattle tend to make money when basis is strong and lose money when basis is weak. When the cash market is trading above futures, cattle are bought at breakeven levels that are much more attractive compared to weak basis times. While Blach said the basis move of 2008 — with record-large premiums in futures above cash — won’t be seen again, it provides a good example of opportunity for success for those people willing to focus on the margin.

“Too many people worry about picking highs and lows on the market instead of focusing on the margin,” Blach said. “Maintaining that concentration is imperative, because, as we’ve seen, so much can change so fast.”

Ending on a positive note, Blach projected that the recession is more than halfway through. He said he hopes to see the economy begin to turn around by mid-2009 and expects it should certainly happen by the end of the year. Producers who manage risk and focus on the margins set themselves up to make it out of the recession just like they’ve made it through hard times in the past.

— by **Chelsea Good**

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Interpreting the Current Economy's Effect on Beef Demand

How have consumers reacted to the present recession regarding their willingness to buy beef, and what has the impact been on beef sales in foodservice and retail? Three industry analysts shared their perspectives during the Issues Forum Thursday, Jan. 29, at the Cattle Industry Convention in Phoenix, Ariz.

Joe Pawlak, vice president of Technomics, a foodservice research company, reported that casual dining at restaurants such as Olive Garden, Applebees, and Chili's, is on a downward trend. Pawlak said that because of the economy these restaurants have raised prices, made portions smaller, and reduced the quality of their food offerings — and consumers are not buying it.

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— *Andy Gottschalk*

Additionally, Pawlak explained that the economy has consumers traveling less, which translates to a dip in lodging sales, which negatively influences foodservice sales as well.

He anticipates that further declines in foodservice sales will continue through 2009, with high-end restaurants especially affected. He also foresees smaller portion sizes and more coupons being offered by restaurants. Pawlak expects the food sector to start seeing a turnaround and some growth in 2010.

Until the tide changes, how are restaurant operators dealing with the decrease in sales? Pawlak says they are looking to add new products to entice customers and are also utilizing promotions such as coupons and meal deal bundles to encourage customer spending.

For the beef industry, he says these trends mean there is greater interest in value cuts, and he says, “Beef has an opportunity to lead in promotions and be featured in limited-time offers.”

He adds, “Menu innovation aggressiveness can position beef positively and maintain beef's position as a protein of choice during this time.”

Harry Balzer, a national expert on food and diet trends also emphasized that consumers are watching their dollars, but they still want convenient, easy meals. And, they especially want meals that can be eaten at home.

“Consumers are coming back and eating more at home,” he said. “They aren't necessarily cooking at home, but they are getting prepared meals from grocery stores and restaurants that can be taken home and eaten.” This is a trend the beef industry needs to watch and find ways to tap into.

Andy Gottschalk, a beef industry economist, shared that he does not anticipate an increase in domestic beef demand until the economy rebounds — likely the last quarter of 2009 or early 2010.

But he emphasized that beef must maintain its value in the industry, saying, “The key to understand is that value drives revenue. We will consume everything. The question is how much revenue comes from that consumption. We need to recognize

that beef value comes from the middle meats, and this industry will not survive if it is just selling hamburger.”

— *by Kindra Gordon*

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Producers Want Other Cattlemen to Recognize BVD is ‘Real’

“I want producers to know BVD (bovine viral diarrhoea) is real,” James Palmer of the Matador Ranches said during his presentation to attendees at the applied science session of the 2009 BVDV Symposium Jan. 27, 2009, in Phoenix, Ariz. Palmer and two other producers — Bill Rishel of Nebraska and Tom Hougen of Montana — shared their experiences in testing for BVD in their cow herds.

Matador Ranches has cow-calf and stocker operations in Texas, Montana and Kansas. Palmer relayed that in their Kansas operation they have been testing for BVD since 2004. Abortions and respiratory problems among calves indicated there was a herd health issue. Of the losses due to those health issues, he said, “It’s expensive.”

tested. He estimated the BVD infection in his herd cost about \$25,000 in lost animals and performance.

“I had no clue that calves could be persistently infected with BVD,” he said. “Until it hits you at home, you have no idea.”

Hougen is now a firm believer in the importance of educating other producers about BVD. His message to other producers is this: “If you’ve got a BVD problem in your herd, don’t hide it. Go to your neighbors and the person who buys your calves, work with them to solve the problem.”

Palmer added, “If you find a PI animal, don’t take him to the sale barn. It is a moral obligation to take that animal out of the U.S. cattle herd.”

— by **Kindra Gordon**

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“You really need to look closely at what the signs are because BVD may not be obvious.”

— *James Palmer*

To combat BVD, Matador Ranches is now testing its calf crop, testing purchased yearlings, testing the cow herd as needed, and vaccinating cows and calves at the Kansas operation, Palmer shared.

He advised producers who suspect BVD in their herds to begin an elimination and control effort by testing groups of calves. Then, if BVD is confirmed, test the cows.

“You really need to look closely at what the signs are because BVD may not be obvious,” he said. “You do not know what a persistently infected (PI) calf looks like,” he added, noting PI calves can appear healthy.

Nebraska Angus breeder Bill Rishel shared that BVD control really is part of a whole herd biosecurity program.

“If you only look at controlling BVD, it’s a lot like single-trait selection,” he said. Instead, Rishel emphasized that herd health should be approached by keeping cow herd records, focusing on nutrition, having vaccination protocols and overall management.

Of BVD testing within herds, Rishel said, “I think there is a huge obligation of purebred breeders to do these things. We owe it to our customers. ... I’d tell anybody not to buy a bull that isn’t tested.”

Montana rancher Tom Hougen shared that after battling several sick calves postweaning in the fall of 2002, a year later he finally tested his herd and confirmed that BVD was the culprit. He had not previously been vaccinating or testing for BVD. In the six years since, Hougen has worked with his veterinarian to implement a control plan for his herd. He now vaccinates cows and calves annually against BVD. If any suspect or dead calves are found they are