



[PHOTO BY SHAINARA ROSE HERMEL]

Facing the Future

Cattlemen gather for the event of the year.

by **BROOKE BYRD, MEGHAN SODERSTROM & TROY SMITH**

About 5,000 cattle producers from across the nation gathered at the Colorado Convention Center in Denver Feb. 1-4 for the cattle industry's largest meeting — the Cattle Industry Annual Convention and Trade Show.

This convention marked the 10th anniversary of the National Cattlemen's Beef Association (NCBA), which was formed in 1996 through a merger of the National Cattlemen's Association and the National Live Stock and Meat Board. In addition to NCBA, the convention was hosted by the Cattlemen's Beef Promotion and Research Board (CBB), American National CattleWomen Inc. (ANCW), the National Cattlemen's Foundation (NCF) and Cattle-Fax.

Activities kicked off Wednesday with the Cattlemen's College® a full day of hands-on instruction and demonstrations. This year's Cattlemen's College, sponsored by Pfizer Animal Health, was held at the National Western Complex. It featured a demonstration of low-stress cattle handling techniques, as well as breakout sessions on animal identification (ID), calf weaning strategies, feedlot performance and Natural Resources Conservation Service (NRCS) programs.

Cattlemen also attended the Cattle-Fax Outlook Seminar Wednesday, getting expert insights on trends driving the industry and the cattle market.

Long-range plan takes center stage

On Thursday, Feb. 2, cattlemen got down to business with the opening session of the Cattle Industry Annual Convention, which carried the theme, "Cowboy Up!" After welcomes by then NCBA President Jim McAdams, CBB Chairman Alan Svajgr and ANCW President Marlene Strickland, the new Beef Industry Long-Range Plan was unveiled.

Patti Brumback, Washington State Beef Commission, and Richard McDonald, Texas Cattle Feeders Association, reviewed the most recent Beef Industry Long-Range Plan and how the industry has changed in recent years. "We were basically a dying industry," Brumback said. "We've increased demand about 20% since 1998."

Low-stress cattle handling

Beef producers attending the 2006 Cattlemen's College® preceding the 2006 Cattle Industry Annual Convention viewed three live demonstrations of low-stress cattle handling, utilizing common stockmen's tools. Sponsored by Pfizer Animal Health, they took place at the National Western Complex in Denver, Colo., Feb. 1.

Handling cattle on foot

Common methods of cattle handling — using fear and force — stress animals out of their natural state, which decreases their ability to turn a profit, said career stockman Joel Ham. Using low-stress handling techniques, stockmen can understand their cattle's natural tendencies and work within those boundaries.

Ham explained that cattle have two types of instinctive behavior — behavior based on their desire to survive and behavior based on their desire to maintain a distance from humans. Ham's handling techniques leave the survival instinct dormant and allow him to gradually reduce the animal's "flight zone" by applying and quickly removing pressure to gain the animal's trust.

Ham emphasized that it is not the animal's fault when things aren't going right; everything they do is in reaction to the stockman's actions. Cattlemen must take responsibility for the results they get and ask themselves, "What am I doing to cause those animals to do that?" Each action must be in preparation for what is going to come next, he said.

Most people have misconceptions about cattle based on their experiences. Ham said some of these misconceptions include: Cattle don't like to go through gates, into corrals or chutes, or onto trucks; cattle will walk the fence

when put in a new pasture; freshly weaned calves will get sick after trucking long distances; and the older cows get, the harder they are to handle. Ham said most cattlemen don't consider themselves the cause of these behaviors; however, in most cases, they are responsible.

To handle cattle effectively, stockmen must understand cattle's natural tendencies. Ham described seven of these tendencies:

- They like to see you.
- They like to follow other animals.
- They like to go the direction they are facing.
- They don't like to be pressured from behind.
- They like to feel like what they are doing is their choice.
- They like to go around you rather than have you go around them.
- They prefer you move in straight lines rather than arcs.

"Work within these boundaries, and the animals will stay in their natural state and will have a tendency to calmly move away from you. Thus, they go where you want them to go," he noted.

"If you violate these natural tendencies, then the survival instinct will come out," Ham said. "When animals feel like they need to survive is when we lose control."

A view from horseback

Montana rancher and horsemanship clinician Curt Pate offered tips for working cattle from horseback, while Kansas cattleman Charlie Trayer showed how a lone rider can work cattle gently with the help of well-trained stockdogs.

Both animal experts demonstrated

the use of techniques to keep cattle calm and minimize stress that can jeopardize cattle health and performance.

"Some people are better off working from the back of a horse, and some aren't," Pate admitted.

Particularly when working cattle in open country, however, he said he believes riders have an advantage. Riders are able to see all of the cattle being worked, and they have the ability to move smoothly to more favorable positions. They can see where they need to be and get there easily, provided they have adequate horsemanship skills and are suitably mounted.

"It's always going to work better if they have a horse that can relax when needed, but still be ready to move forward, backward or to the side — a horse that can settle and be quiet, instead of jiggling along and disturbing the cattle."

According to Pate, no-fuss cattle handling requires an understanding of a cow's breaking point — an invisible spot behind her shoulder. When a rider approaches the cow in front of that point, the animal stops or turns back. Approaching to the rear of the breaking point causes the cow to move forward. Successful handling comes when a rider knows how to position the horse with respect to the breaking point to prompt a desired response from the cow.

Similarly, a herd of cattle has a breaking point near the middle of the group. By working in front of the herd's breaking point, or behind it, a rider can direct the movement of the entire group.

Pate warned against

riding directly behind cattle if the rider wants to maintain the ability to control direction and speed of movement. Instead, he recommended working slightly to the side and approaching at a flat angle when pressure is needed to maintain motion.

Doggone easy

Trayer is an accomplished horseman, too, but is best known for raising, training and using stockdogs. Mounted on a horse and using three experienced dogs, Trayer demonstrated how to move cattle quietly, pen them in a corral and load several head into a trailer. The latter feat was accomplished while the trailer was parked along a fence and without the benefit of a loading alley or any type of additional help.

Trayer said even cows with calves at side can be handled effectively with dogs. Ideally, cows should be "doggone" while they are dry, so they will be accustomed to being worked with dogs by the time they have calves.

He also stressed the importance of using well-trained dogs and not pups or dogs with too little experience for the job at hand.



Charlie Trayer demonstrated how to load cattle into a trailer parked along a fence with the assistance of his stockdogs.

[PHOTO BY TROY SMITH]

The previous long-range plan addressed six key areas: safety, preparedness and issues, exports and trade, nutrition, product innovation and development, and protecting and enhancing the business climate. Brumback and McDonald described how the beef industry has met its goals in each area.

He then noted the importance of lowering taxes and of government deregulation. "Freedom is the mainspring of economic prosperity," Asmus emphasized. For the cattle industry, that means "the golden age of the American beef industry is in front of us, not behind us," he stated.

"Good things do not come without

hard work," Asmus concluded, adding, "Not one of us is doing this by ourselves. Team beats the world."

The opening session concluded with a surprise visit by actor and beef checkoff spokesman Sam Elliott. Referring to his life growing up around agriculture and the natural world, Elliott finished with the words that will forever be heard in his

voice: "Beef. It's what's for dinner."

Thursday afternoon was devoted to Beef Industry Issues Forums and regional caucus meetings. Issues Forum sessions detailing the 2010 Beef Industry Long-Range plan were packed. Other issues discussed included the national animal movement database, the 2007 Farm Bill,

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New long-range plan focuses on creating value, growth, sustainability and opportunity.

"NCBA and the entire industry working together got it done," McDonald said.

Donnell Brown of R.A. Brown Ranch, Throckmorton, Texas, explained the new Beef Industry Long-Range Plan. The main challenge the long-range planning committee faced in developing the plan, he noted, was to maintain the industry's momentum. The new long-range plan focuses on four priority areas: creating value, growth, sustainability and opportunity.



Outgoing NCBA President Jim McAdams said the U.S. cattle industry is coming off an exceptional year, but always looking for opportunities to grow and improve.

"This to me is a plan we can be a united part of," Brown said. "We can achieve success for the future with this long-range plan, and you are the reason we can succeed."

Strong business outlook

Renowned economist and speaker Barry Asmus delivered an optimistic statement about the future of the beef industry: "The good news is that the bad news is wrong," he said.

In a time of unprecedented growth, Asmus predicted 2006 would be a time of strong business expansion. The main reasons for this growth, he noted, are the demographics of U.S. consumers, predicted low interest rates and the incredible productivity of the U.S. workforce.

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instrument grading and retail marketing strategies (see page 30).

Johanns addresses convention

Despite recent trade setbacks, “unwavering consumer confidence in the safety of American beef” continues to

increase global demand, U.S. Secretary of Agriculture Mike Johanns said Friday, Feb. 3. Johanns’ visit was highly anticipated throughout the week, and the auditorium was packed with cattlemen.

“USDA (U.S. Department of Agriculture) is pushing hard to restore access to markets that closed a couple of years ago. And, we have accomplished a

great deal,” Johanns said. “Hong Kong, Singapore, South Korea, Taiwan have resumed trade in various beef products.”

Johanns called Japan’s reinstated ban on U.S. beef a “temporary setback” and said the United States’ failure to meet the trade conditions was “unacceptable.” Although the U.S. is eager to resume trade with Japan, “we don’t intend to sacrifice thoroughness

for speed in our investigation. We’ll move as rapidly as we can, but when we’re done we want to be able to say it was thorough,” Johanns explained.

Johanns pledged “scrupulous attention” to trade agreements with customers around the world and maintained, “American beef is absolutely safe.

“Not only is American beef safe, I can also report to you, with a tremendous body of information to back this up, that our herd is healthy,” he continued. The largest herd health testing program in the U.S. has found only one positive case of bovine spongiform encephalopathy (BSE) out of more than 600,000 tested cattle to date.

Agricultural trade exports are forecasted to reach \$64.5 billion this year — that’s 25% more than in 2000, he said. Johanns emphasized the importance of export markets by pointing out that 95% of the world’s population lives outside of the United States. That means 95% of our potential customers cannot be reached through domestic sales, he said.

“Free and open trade based upon scientifically sound and internationally recognized” standards are this administration’s goals. But, other issues, such as animal ID and traceability, can also limit trade, he said.

Johanns said implementing the National Animal Identification System (NAIS) would be a “crucial tool in safeguarding the health of agricultural animals from disease.

Producers reaffirm policy priorities

Thousands of National Cattlemen’s Beef Association (NCBA) members from across the nation joined forces at the 2006 Cattle Industry Annual Convention and Trade Show in Denver, Colo., to address key policy issues affecting the industry. Policy resolutions were passed at the committee level and brought to the NCBA Board of Directors meeting and NCBA membership meeting. Representatives from each state affiliate and NCBA member organization voted to approve renewal of various existing policies, while also adding new policy resolutions.

“This year, much of the attention was focused on cattle health priorities, international trade issues, environmental policy, animal identification (ID) and renewing existing tax policy,” said Jay Truitt, NCBA vice president of government affairs. “The policy resolutions approved at the meeting are not final, of course, until the mail-in membership ballots have been collected and counted.

“One only needs to look to other parts of the world — to Australia or other countries — to understand another reason why it’s important. ... They are aggressively marketing their animal traceability to gain whatever competitive advantage they can,” he said.

Johanns addressed concerns about USDA’s switch to a privately held ID database, saying the system is not a “retreat.”

“Our longstanding goals remain to move forward quickly without causing unnecessary burden on producers and

without unduly increasing the size of government. ... Let me assure you that I’m not changing course,” he explained.

Under the current proposal, the industry would “continue to own and have control over the animal movement data,” Johanns said. “But, through agreements established between private entities and the USDA,” state and federal health officials would still

be able to access the information if needed.

Johanns said the private database system provides “flexibility and allows for a robust private sector.” He also said a public system would take away price competition and innovation.

Friday also featured committee meetings covering specific policy areas. Separate committees governing checkoff-funded

programs received program updates and progress reports.

The cattle industry’s largest trade show was in full swing Thursday and Friday at the Colorado Convention Center’s exhibition hall. More than 280 exhibitors were on hand to showcase the latest products and services.

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Mike John, a cattle producer and member of the American Angus Association from Huntsville, Mo., was elected to succeed McAdams as the 2006 NCBA president.

“NCBA producer-members once again showed their exhaustive dedication to shaping the future success of the cattle industry at our annual convention,” Truitt said. “The members of NCBA are vocal advocates for the cattle industry, dedicated to leading a complex array of policy issues.”

The NCBA Policy Summary Report details more than 75 policy renewals, resolutions and amendments for 2006 that were passed by NCBA members attending the 2006 convention. The full NCBA Policy Summary Report is available online at <http://hill.beef.org/2006potentialpolicy>.

The full NCBA membership now has the opportunity to confirm or reverse each policy through the mail-in ballot process. Once the mail-in ballots have been collected and counted, the updated NCBA 2006 Policy Book will be available online at <http://hill.beef.org> and distributed. For more information visit www.beefusa.org.

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Convention wrapup

The convention concluded Saturday with meetings of the CBB and the NCBA Board of Directors, as well as the NCBA Annual Membership Meeting. None of the resolutions or directives presented by Resolutions Committee Chairman

Sheri Spader, Rosendale, Mo., elicited discussion from the floor as cattlemen voted to accept them. The next step is for the policy items to be mailed out to all NCBA members for a mail-in vote (see "Producers reaffirm policy priorities," page 28).

McAdams said the U.S. cattle industry is coming off an exceptional year, but

always looking for opportunities to grow and improve.

"I've never been more optimistic about the future of this industry, but success and profitability don't just happen," McAdams said. "Cattlemen will continue to make every effort to refine and market our product, and meet the needs of our consumers."

Mike John, a cattle producer and member of the American Angus Association from Huntsville, Mo., was elected to succeed McAdams as NCBA president.

"We are experiencing unprecedented change in the beef industry. We can either direct it, or let it direct us," John said. "This change offers opportunity, and if we embrace it we can also work proactively to manage it for [the beef industry's] benefit."

He expressed confidence in his ability to serve as president and said his confidence comes from "the knowledge that NCBA members are willing participants in the most effective effort to protect and enhance the beef industry."

John Queen, Waynesville, N.C., was elected NCBA president-elect, and Paul Hitch, Guymon, Okla., was elected NCBA vice president.

Editor's Note: For Angus Productions Inc.'s (API's) complete online coverage of the event, log on to the newsroom at www.4cattlemen.com.

Issues Forums

Though 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 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.

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 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.

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.

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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.

USAIO offers data management plan

Representatives from the newly formed

U.S. Animal Identification Organization (USAIO) shared their vision for managing an animal ID movement database and showcased the technology that they propose will fulfill the database requirements specified by the 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.

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 USDA to develop the database repository. Miller said that in recent talks with USDA about the MOU, Secretary Johanns "encouraged the USAIO to move forward and act as a beacon for others to follow." The organization is currently doing beta-tests.

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.

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, 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.”



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