

**International Livestock Congress-Calgary 2006: Strategic Thinking for a Changing Industry, Wendy Bengochea-North Dakota State University.**

In this time of world crises, it is encouraging to see that the beef industry as a whole is paving and empowering their future. This congress shed a glimmer of light on the situations. A basic think-tank of possibilities were shared and shed amongst one another across international borders. Leaders came in the forms of all kinds: academia, industry, student, and production to share in one another's hopes, defeats, and potentials for the future of the changing beef industry.

The ILC offered this conference to students to expand our horizons on international events, as a stepping stone towards a career in agriculture, and to network with the leaders of our industry. Their plan was well thought out for us to view Canadian Agriculture. The first taste of Calgary for me was the town atmosphere of the Stampede. As soon as I made it through customs, I was roped, branded, and filled with the lively celebration of this time of year. What a welcoming! On my luxurious ride to the hotel, I was informed of the happenings of the area and this "city" person's view on Canadian agriculture. The one thing he told me was the Alberta was known #1 for their oil industry, #2 for the Agriculture-beef industry, and #3 for their tourism in regards to the mountains. This could not hold more truths as I progressed further into the congress. I thought it was interesting to hear from someone whom this industry is and should be catering to: the consumer. Getting to know the other participants of the congress was our first order of business. We were treated to a meal and a concert, before calling it a night. I enjoyed progressively learning about all of our backgrounds and comparing insights to our own agricultural ideals.

Our next order of business was our first full day comprised of agricultural tours of the area. Boarding a bus to Cargill, we were then prepared for a half and half tour of the plant and a little information on the Canadian Cattle Identification. Being from the United States, I didn't know much about the CCIA. I quickly learned that the system has been working and with cooperation for a few years. They too have problems, but here in the States haven't even broken that pane yet. I think their system is moving along well. Meghan Gauley gave us a thorough explanation of the pro's and con's of how it has been working to this point. The one point I like is that it isn't a government run agency. It is meant to be for identification purposes only and is confidential. The plant tour was next. We suited up for safety and sanitary precautionary reasons. We had to start at the end of the line first to keep the amount of contamination down. The biggest difference that I saw in plants in the U. S. and Canada, was the amount of non-Hispanic workers and the more relaxed atmosphere. The lines need to keep running at these plants, so there is always some kind of chaos going on. I believe that the supervisors said "there is always a crisis to solve, one after another." Cargill is killing not quite to full capacity, but they have a labor shortage as well, a common theme found throughout the conference. We then headed over to the Round T Ranch, where we were heard about the endeavors of the Canadian Cattle Association, the Western Feedlots, and about the market outlook from Canfax. Dave Plett, CEO and President of Western Feedlots introduced us to his crew of workers. He said that one of the most important parts of anything you do is "networking." This is something I truly believe in as well. He explained to us the workings of the industry, and his feedlot. We then got a chance to tour the feedlot which was quite impressive. They used barley-based diets in Canada as opposed to corn-based

diets. My research in my degree program was barley-based in feedlot nutrition as well, so I could relate to what they were talking about. I think it is very interesting that the two areas are extremely different in their beliefs of the two grains, but that is what is predominantly grown in each area. We then had a chance to move over to a different kind of feedlot in the Tongue Creek Feedlot. The feedlot there was part of the operation, but a bigger part of the business was a waste management system. Cattle waste is one piece to the puzzle but they also receive loads from Cargill too. They develop fertilizer to sell. The quality of their product is competitive and carefully monitored. It was certainly an interesting approach to managing costs and dealing with the environmental issues. Every little bit helps when you want your business to grow and stay viable. We finished our evening with a reception with the sponsors of our trips, the CCA board, ISEF board, CS board, the ILC committee, and speakers. It was nice to get a prelude on what tomorrow would bring.

The official International Livestock Congress began the next day. After a trolley ride to the Stampede grounds, we came to the Roundup Centre to learn all we can.

Predominantly Canadians, with a few participants from the United States, we started our speakers for a full day of information.

*Alanna Koch*, Vice President of Canadian Agri-Food Trade Alliance began our line-up. She gave us an overview of the board and what they represent. She informed us on the most recent happenings in the World Trade Organization. Presently Canadians didn't come out with any deal at all, which to their dismay isn't something they are happy about. Exports are extremely important to Canadian Agriculture. The World Trade production will increase as is the world population, mainly in third world countries. Meat

is a protected product 2<sup>nd</sup> only to grains. Food is highly subsidized, with average tariff on beef at 80%. If there is no deal at all, underdeveloped countries increase in their share of the market. The verdict was grim for Canadian agriculture if there is no exportation.

*Glenn Hodgson*, Vice-President and Chief Economist of the Conference Board of Canada spoke next about the economic outlook. Discussing the status of the United States that has a 900 billion dollar deficit, high energy prices, and a large property housing bubble was the first order of business. He explained that the US dollar has fallen 40% in the last four years. However there are 367 emerging markets globally. There is an aging labor force forcing slower growth potential. There is a small number of the population that is getting richer and richer. For Canada, the outlook is good for a global stability. There are federal tax cuts, provincial cuts, for a provincial fiscal balance, but not balanced from east to west. Despite the bottlenecks, strong income gains from the squeeze in the labor shortage, the U.S. structural unbalances, and smaller regional growth disparity, strong income gains support the Canadian economy.

*Dennis McGivern*, Vice president of Informa Economics discussed the effect of changes in the exchange rate on the Canadian Beef Industry. Ultimately Canadian prices are determined in the United States. The National Beef Industry Development Fund commissioned this project to examine the implications of the Canadian dollar on the Canadian beef industry and other levels of productions. The exchange rate plays a direct role in commodity pricing in Canada. There is a high and direct (.98) correlation between the exchange rate and cattle prices, both growers and fats, but not labor, land values, fertilizer, diesel, or electricity. The declining productivity of Canada was the primary factor causing the depreciation of the Canadian dollar in comparison to the U.S.

dollar in the 1990's. There was a general lack of competitiveness of Canadian industries compared to other nations that were booming. Cow/calf producers were one that was hit the hardest. Feedlots adjusted back margins by buying their own feeders post BSE. The U.S. experienced a down growth, while Canada expanded their cowherd. However exports were still great to the U.S. and the effect of the BSE resulted in a strengthening of the Canadian beef cattle industry. Feedlots sprang up, packing plants boomed with production and the Canadian consumer seemed unaffected by the scare, therefore improving their competitive position in the market.

*Brant Randles*, President of Louis Dreyfus Canada Ltd. discussed the global feed grain market and supply. He said that the prices may be good now, but could be affected in the future, even so much as a 10% economic boom. As a household's income rises, so does their "taste" in the quality of their food. Affecting factors are the United States growing bio-fuel market, water availability for agriculture, the intense urbanization construction, and the inevitable labor shortage. Ethanol will be the key driver, however there needs to be more corn. In 2007 there will be 6 ½ billion gallons produced, by the year 2008 a projected 10 billion, and 2010 around 13-14 billion gallons produced. The market is very bullish, and there cannot be a negative carryout. There needs to be a price realization from the Chicago Board of Trade. Randle suggests locking in prices now. He expressed a need to find out where ethanol plants are being built, and direct cattle feedlot growth radius to that. The by-products are an economical cattle feed.

In the afternoon, we resumed the congress with the *Honorable Doug Horner*, Minister of Agriculture Food and Rural Development of Alberta. He posed the question to us all, "how do we make our beef safe." That is something that Canada has been forced to

realize in the recent past. He discussed how BSE affected the Canadian agriculturist, but more-so how they have dealt with the issue. There needs to be a strong cooperation among agriculture agencies and producers alike to work out the issues. The traceability of the cattle identification plan has worked, but is in a continuing process to iron out any wrinkles. The agencies are trying to keep ahead of the pack and keep beef safe. He stated that “the id system should be based on scientific fact not political warfare” which has been somewhat of a problem. The cost of traceability is real, but not doing it is worse. The producer driven system has gained much more clout among the masses as well. He encouraged getting that profitability from the marketplace and not in the interest rate.

*David Baxter* of Urban Futures Institute discussed the rural human resource challenge. He presented an interesting focus on the work force. Businesses are increasing their competitiveness and productivity, but there is a large retiring workforce. What is needed is increasing worker efficiency, an increase in population, and increase participation in the job. Each is necessary, but none is sufficient. Where do we turn-immigration? Money matters, but lifestyle is equally important to the newer generation. How do you recruit the people wanted for a job? Market a lifestyle to them. The young population that started out farming will leave within 5 years to the city. There are fewer offspring (1.5 as opposed to 3.94, 20 years prior) as well as earlier retiring individuals. The number of people leaving the work force doesn't help economic growth, it stagnates it. There needs to be a community effect, respect one another's employment, it will affect yours. Observe immigration and embrace what it can do for the Canadian economy. Scrutinize markets and stay competitive, otherwise outsourcing will become inevitable.

Things can get made more cheaply elsewhere, but how is that helping the agriculture community.

Professor Bernie Bindon of the University of New England, Australia spoke next about the research of CRC for cattle and beef quality. He showed a picture of a pen full of cattle and asked “which one has merit quality?” Australia is presently the largest exporter of beef at 23%. This was not always the case. What they didn’t have in the 1990’s was a consistency of quality and so the consumption declined. The CRC Initiative came about as a means to solve the problem and get Australia on track with better consistency. It is a scientifically based to combine the issued that go into beef quality: nutrition, management, genetics, cooking, processing, chilling, (all the critical control points). There were several progeny tested both straight and crossbreds. It is Australia’s largest research project. Several educational tools came about from this to help the Australian producer to better their herd. Educational materials, commercial and patented products for disease, and gene marking are a few of the objectives realized from the project. The showed how heritability in cattle can affect one trait on another, they increased beef yields, and showed how correlated traits can affect each other as in flight time on tenderness, but also on weight gain. Consumers used to buy ingredients, now they buy meals. He believes that DNA gene markers will revolutionize the way genetic decisions are made, as well as delving in the world of meat quality looking at the calpastatin gene, chromosome 7, and IVN I & II. I interned at the American Simmental Association while going through college, and one of my duties was the GeneSTAR project, looking at tenderness in the cattle.

*Professor Davis Hughes*, from the Imperial College, UK ended the congress with is topic of making solutions to meet global challenges. Professor Hughes made some compelling arguments to the crowd and definitely made one think about the business we are in. He began with foods such as chips and coke and nestle. They stayed alive because they had a classic product that they made marketable for a growing global market. Convenience is vital to a products future with the average consumer today. Ready-made-meals are booming in the marketplace. The other effect has been that the grocery store giants are becoming larger players in the beef retail world. Wal-mart is one of the largest players along with Osco and Acme. Target wasn't even in the food business 5 years ago. He also discussed the obesity in non-third world countries, and how the Department of Health says to cut down on the portion sizes. China has the largest population in the world, so why would you not target that market and force the beef supply on them. Traditionally China eats mostly pork, followed by poultry, beef, and sheep and goats. They value their cultural traditions though with food. Trying to force them to eat more beef doesn't work, however, if they increase their consumption of beef more, doesn't that increase the average. Seasonality affects beef demand, summer being a more traditional barbecue time of year. Higher valued meat cuts are more sought after during this period. Timing of the week also influences beef demand. During the middle of the week, the lower quality meat is bought more, and on weekends people socialize more whereas they buy premium quality meat. Generally people enjoy a single serving during the week as well, which promptly demands more convenience. Weekends there is more time to enjoy the time and convenience play a lesser role. In the future there will more likely be horizontal linked partnerships. The consumer today has changed drastically form



yesteryear. There is more disposable income for higher quality foods, but there is a general lack of knowledge on food preparation and quality. Consumers may not know much about the process of how their food got to the retail counter, there is however a curiosity about food background. Consumers want to know how many “food miles” it had to travel to get on their plate. They want to know that their meat was raised in a quality environment. They don’t like the knowledge that vegetables are grown in massive greenhouses instead of the natural outdoors. We need to make them feel safe in the food choices they come to expect in quality, price, and convenience through marketing.

Some of the things that stood out to me, or that I enjoyed most about the congress speakers and sessions were the question and answer periods from the audience. The speakers represented themselves well and knew their territories well to adequately answer any questions. Many issues were brought up in those questions that may not have been addressed during the topic, but they occurred to me as well. I also thought it was interesting that before I left from home, there was another potential BSE case. It was later confirmed while I was at the congress. In talking to producers, I thought it would be nerve wracking news; however this was not the case. It certainly wasn’t great news, but it was apparent that it would be dealt with-again. I enjoyed knowing the backgrounds of the speakers and how they came from their past to get to where they are now. I met several people who started out in very different aspects of agriculture and are just moving their focus to what they enjoy. This was actually very encouraging to me because it just goes to show that I as a student starting out in the world will probably change careers a few times. Having obtained my masters, I understand how research is done and the

intensity that scientists try and implement into production terms. I was proud to hear speakers refer to the facts that we do need to center our ideals our scientific data. I also enjoyed the relaxation of the speakers in their attire, their approach to us students and the general public.

We finished our day with a tour of the tradition of the area-the stampede grounds. I was able to see some of the ag-tivity centre because I knew I wouldn't get a change to see it the following day. It is very apparent the pride that Calgary has in this time of year, but also its beliefs in agriculture. Everyone that I was able to converse with, discussed some agricultural aspect, which gave me a feeling of pride to know that it isn't dead yet. We enjoyed the races and grandstand show before retiring for the night.

Our last day was the breakfast roundtable discussion. Several of the sponsors, speakers, and industry leaders were present to discuss the future of agriculture. The focus was on the topics discussed the previous day, but mainly ethanol and its impact. Each person was bounced to a different part of the topic. We started with a presentation on the drivers, or the x-factor (resources of oil). Canada looks towards the U.S. and the E.U. for direction and their business models. There needs to be synergies instead of competition. Where else can increase market share and use our resources. Where do we turn to at the fork in the road now? One Australian view took the alternate view of the congress. He compared it to a type of gold rush with consequences, which is something to consider. Everyone wants to be on the forefront of the next new thing. There are two issues that need to be addressed, 1) enabling a market, and 2) federal government mandates.

Another Texan, likened it to the "dot com" industry, where there was a giant surge in the early century for internet business and there was a lot of failure. He stated that in the

U.S., politics is the driving force. Mandates and subsidies almost create a false market. His fear was what to do about feed in the future if all this corn is going towards the production of ethanol. Brant Randles, of Louis Dreyfus then discussed location of the plants being put up and that ADM has announced another venture. It would be more successful to be within that radius of the plant. There also needs to be a good recipe of its use. He believes that ethanol has tangible returns. One of our students from Nebraska received the microphone to then talk about the feeding trials that are being done at the University level, to try and find the optimum inclusion rate. Dave Plett from Western Feedlots wrapped the session up well with his ever present “show me the money” philosophy. He believes that leader’s take the leadership role by taking complicated issues and making them simple. The consensus of the group discussion was that policymakers are trying to level the playing field, but we need to be globally competitive and we need to have quality consistency. With that we wrapped up our stay at the International Livestock Congress and returned to our respective corners of the world. How does this ILC-Calgary benefit my career path in agriculture? I have known forever that I want to be involved in the field of agriculture. I believe the more exposure you receive through every aspect of it can ultimately reach you to any goal. I enjoy production agriculture tremendously; however there is a lot to encompass in a successful venture. That is why there are so many careers related to the field. Several individuals want to remain close to agriculture, but cannot always make it happen. That is why keeping our minds open to new possibilities is essential. Speaking with many people at the congress, numerous individuals came from production backgrounds and decided a career path on a different level. It is gratifying to know that so many people are on the

right track in keeping their focus on the future. I don't always understand the global perspective, but I try to keep up on the information anyway. There are many similarities to North Dakota and Canadian production agriculture because they are right next to each other, but there is an international border that divides political views. In some cases I don't understand Texas cattle operations because of the climatic differences but I do understand their government policy. Getting people together on an international basis that are working towards the same goals helps you to focus on your own career goals. In listening to the speakers, I know I need to understand what is being said, but it doesn't interest me a great deal. There are some speakers that do capture your complete attention and you realize that is what you would enjoy doing. Dave Plett also pressed upon us the impact of "networking." I have come to know that this is equally as important as anything else. We cannot be afraid to talk to our leaders in the industry as well as our cohorts. This can lead us to our career in agriculture. I came to NDSU with the networking mission in mind and it has helped me in my current job. I take classes at the same time as working in the extension service, but I realize that I am not stuck here if I don't want to be. There are several possibilities out there and a few more that I have now learned about from the International Livestock Congress. We meet new people, new opportunities arise, and there are always fresh ideas to grow. Participating in the ILC-Calgary has been an extremely rewarding experience that I can look back on knowing there are many prospects in the agriculture world. I am honored to have been chosen to be part of this congress and hope that future students will gain as much insight and influence from so many people of the International Stockman's Educational Foundation.