

Beef 2006: ILC-Calgary

In the economy of the 21st century, decisions of one country's agriculture policy span globally. There are various aspects which affect the global food sector. These days food and food policy is being watched closely, consumer concerns are affecting the decision of top policymakers across the world.

Agriculturalists support the world's citizens by providing ways to produce shelter, clothing, and food. Therefore consumers make up a very important element of our industry because of their demand and consumption of our goods. These are goods in the livestock industry such as the beef, poultry, pork, and lamb that are introduced into the supply chain by producers. Many issues face the livestock industry that must be addressed by its leaders. The International Livestock Congress provides an outlet for discussion of the issues that all industry leaders and students to gain new perspectives. This year ILC-Calgary brought together students from different agricultural backgrounds and allowed us to have a look at the international concerns of our industry. I'm a Texan with experience in the cattle industry, and I believe I have enhanced my perspective of the international industry and education by being a participant. The sites visited, presentations heard, and the networking helped me gather information about the livestock industry on a global scale. Each aspect of the ILC-Calgary assisted in building the foundation of knowledge I have to consider as an individual in agriculture that is operating in the international marketplace.

I grew up on a large stocker cattle operation in South Texas. Our operation marks only a single step in the supply chain for cattle, understanding the value of the finished product allows for decisions to be made early in the process for the improvement of production and profitability. The tour of the Cargill plant allowed for us to witness the course of producing a product that would be ready to move into the hands of consumers at the retail markets. The Canadian quality grading system and branded beef programs are similar to that of the United States. Some distinct differences were the designation of A, AA, and AAA and prime as the quality grades rather than that of select, standard, choice, and prime used in the United States. Branded beef programs are also present in the Canadian market. The grader or inspector observes the criteria in the carcass and selects the carcass for programs such as CAB or as Sterling Silver beef. Understanding what is of value in the processing can allow the producer to be more profitable.

I have an avid interest in the development of the proposed National Animal Identification System in the United States; therefore I found the work done in the Canadian Cattle Identification Agency (CCIA) very noteworthy. This industry led program has proven to be quite successful with high compliancy by producers. The program calls for all cattle to be tagged with a CCIA approved tag before they are ever transported in order for the animal to be traced back to its herd of origin. The unique identification number that is issued remains with the animal until its export or death.³ The CCIA maintains a database with all

tags that have been distributed and to whom they were received by. The organization maintains complete privacy of the producer, and the government is only privy to tag information if an infected animal must be tracked. The first case of BSE in Canada was discovered in May of 2003. The program had already been established, but the organization has put in considerable effort from that time to work out the kinks in the system since the May 2003 discovery.³ The CCIA is also taking great strides to move from barcode ear tags to radio frequency identification (RFID) tags and age verification for Canadian cattle. Age verification will be vital for producers who wish to export their animals. In the United States, questions of the cost of the program and privacy are issues facing the development of a U.S. system. Animal identification is going to be a part of our future in food production and consumption. The success of the Canadian program provides an example for the United States to research while working on their domestic program. An animal identification system can lead to a safer food supply for consumers, and more confidence for producers that these diseases will not cause dramatic changes in their markets.

It is important that cattle producers understand and have a voice in agriculture policy. Much like the United States' National Cattlemen's Beef Association, the Canadian Cattleman's Association represents the interests of Canadian beef producers. Having an organization such as this can allow producers to have their collective opinions voiced within the government, and an avenues for the marketing their product with programs such as their national

check off program. This is very important because the livelihood of thousands of producers relies on the ability to market their product, and CCA aids in shedding a positive light on the beef industry to the public. The nature of trade is volatile and it is important for producers to have a voice in the policies that will affect their business, especially a business that contributes approximately \$20 billion to the economy. ² The CCA has worked to normalize trade for its producers, allowing for the export of cattle where Canada ranks in the top five of beef exporting nations. ²

Visiting Western Feedlots and Tongue Creek feeders allowed us to see the structure of Canadian feedlots. Having lived in South Texas all of my life I have been exposed to mostly Bos Indicus breeding in cattle, Canadian cattle have more British and European influence. The feedlots also showed us how the identification system worked within the feedlot program. At Western Feedlots we you could understand how organization and records are a key factor in business. Cattle were sorted to their pens with color coded tags, and their information was recorded in the feedlot database. This allowed for cattle to be easily tracked if they had to be separated for doctoring, or if they were to receive different rations. The feed ration of Canadian cattle feeders relies more heavily on barley, rather than corn as is fed in most U.S. feedlots. This allows for feeders to work directly with farmers in order to produce their product. Some feeding operations place emphasis on risk management to protect themselves against the volatility of prices by hedging in markets such as Chicago, New York,

London, and Winnipeg. A visit to Tongue Creek Feeders showed how businesses can utilize their resources and be diversified. Here they are able to utilize animal waste to make compost that they would later be sold. When they first began the compost business, they provided fifty pound bags to stores, but they competition in this market proved to be very steep. Tongue Creek changed their approach and began to sell the compost by the ton to local farmers which allowed the business to reach new avenues and profits.

The day of the International Livestock Congress showed that we would learn of the nature of trade, the economy, market, new technologies, and challenges facing the industry. This information permitted producers to gain insight into the happenings in the livestock industry. The Canadian Agri-Food Alliance was the voice of Canadian agriculture at the World Trade Organization during the Doha round meeting in Geneva. Alanna Koch the CAFTA representative explained how their members produced eighty percent of Canadian exports. She mentioned that the world population is growing and would grow in the next ten years predominately in the developing nations. Due to this some policies would have to shift, such as the high amount of protective tariffs on food. The average tariff on food is approximately 63 percent while only 4 percent on industry.⁴ Protective tariffs have made meat was one of the most protected products in the world. Currently the WTO is working to come up with a deal as part of the Doha Round of negotiations. The deal is based on 3 pillars, the elimination of all export subsidies, reduction of trade distorting domestic

support, and to improve market access. Without a deal tariffs could increase. The workings of the international market play a vital role in any domestic economy. According to Glen Hodgson of the Conference Board of Canada markets are emerging in the area such as China, India, Mexico, Brazil, and Russia, and these areas have 3-9% potential for growth per year. He also mentioned that there are challenges facing larger countries such as the United States with its deficit, increasing energy prices and property markets. All of these aspects can influence the Canadian market. The U.S. dollar fell about forty percent which meant a growth in Canadian currency. Dennis McGivern of Informa Economics explained an appreciating dollar can affect the beef industry, mainly on the prices that are discovered in the market. The Canadian prices for commodities are mainly derived from U.S. prices, and there is a highly correlated inverse relationship between commodity prices and feeder cattle. There are also changes in productivity based on the activities of trading partners. Convention says that exports increase with a depreciating dollar while they decline with an appreciating dollar, but in the long run the first producers (cow-calf) bear the burden of these changes.

Changes in the feeding industry will affect the beef market. Grain prices are changing due to growth in China and ethanol production. Ethanol has become a key driver for the future of corn production, by 2008 about 10 billion gallons of ethanol will be produced, by 2010 there will be about 13-14 billion gallons produced, and this will take a greater share of U.S. corn production.

Canadian government would like to produce five percent of their fuel as bio-fuel by 2010. Due to these changes feed grain prices will most likely increase causing a greater strain on feeders and producers.

In any industry change plays an active role. The Honorable Doug Horner, Minister of Agriculture Food and Rural Development has established goals for the Alberta industry that will include partnerships, innovation, and traceability. Minister Horner said he realized that in order to be successful there would need to be cooperation and openness to new advancements. This will keep the industry moving forward and allow producers and consumers to reap the benefits of these changes.

Canadian agriculture is facing a challenge with its production in the form of a labor shortage. This was witnessed first hand at the tour of the Cargill plant, where they were short about 400 employees. This affected the amount product they could work with at the plant, and were therefore operating under capacity. While the United States is facing the challenges in immigration law, without immigration to participate in the Canadian labor force it will shrink in the near future. This is an example of how one area of policy can be completely different across borders. David Baxter of the Urban Futures Institute offers possible solutions to solving the problem are increasing participation, population, and productivity in Canada.

The United States ranks number one in the production of beef, Canada is third in the amount of beef exported, but Australia is first in the amount of beef

traded. Dr. Bernie Bindon explained how factors of genetic and non-genetic markers affected cattle and beef quality. Australian producers encountered a problem when the consumers of Australian beef were dissatisfied with the consistency and eating quality of their beef. His organization the CRC for Cattle and Beef Quality recognized this issue and began to study the different influential factors throughout the chain to the consumer. They studied from conception to nutritional environment, pre-slaughter, chilling, processing and value adding, cooking, and eventually consumption. Their first study considered the factors of genetic improvement of carcass, beef quality, and feed efficiency between purebreds and crossbreds. They began their tests with seven major Australian cattle breeds, and the crossbred test consisted of a Brahman based cross with nine terminal sire breeds. ¹ A Belmont Red bull tested on the Genestar test program to be the most tender and most feed efficient animal produced. The genetic markers have been established to see if the animals have genes that correlate with these sought-after characteristics. It is interesting to note that the flight time of the animal is directly correlated with the amount of tenderness found in the meat. The organization has also used research to develop vaccines to fight Bovine Respiratory Disease. This allows for less sickness in feedlot cattle and less doctoring of cattle. ¹ Using this type of research producers can breed to have more desirable animals. This allows producers to meet the needs of consumers and in turn all sectors of the industry benefit with a quality product and increased profit.

Our world has made a movement toward urbanization. It is not likely that the next generation will be joining their family ranches or farms. Many factors influence the success of the world's producers. Price is the most volatile aspect of the industry, but the driving force of the industry is the consumer. Consumers today are in need of convenience. Therefore, pre-packaged, ready made, and other value added products in the market have increased in recent times. Discovering which value added products the consumers' desire is fundamental to increasing profitability. The industry is growing, but it is important to remember that the consumers need to be pleased in order for the producer to see success.

In order to improve the state of the livestock industry our leaders must be concerned with the issues they are facing and relay this message to the new generation of leaders. I believe that the ILC-Calgary student program accomplished this goal. The presentations allowed for students from around the globe to learn the concerns and innovations of today leaders. It also allowed for tomorrows leaders to have the opportunity to network with each other and discover the contribution that each person can make to the industry based on the background that they have established for themselves. Agriculture has always been a part of my life; ILC-Calgary helped me to put my background into a global perspective. I was able to observe and acquire new perspectives regarding the similarities and differences in the agriculture practices used in Canada. I consider the information learned throughout the conference as a

point of reference to improve different aspects of industry. There are innovations in identification, genetic testing, feed efficiency and production that can be used throughout livestock management practices. Consumers and international partners will always play a role in the industry. Finding the mix that meets the needs for demand will allow producers to be profitable and insure that the consumer is receiving the best possible product from the livestock industry. ILC-Calgary has allowed for me to build a network of international leaders in the livestock industry, gain knowledge into the future of our industry, but most of all I get to take back with me an array of information that producers will have to consider when making decisions about their management practices and how they correspond within the livestock industry.

Works Cited

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