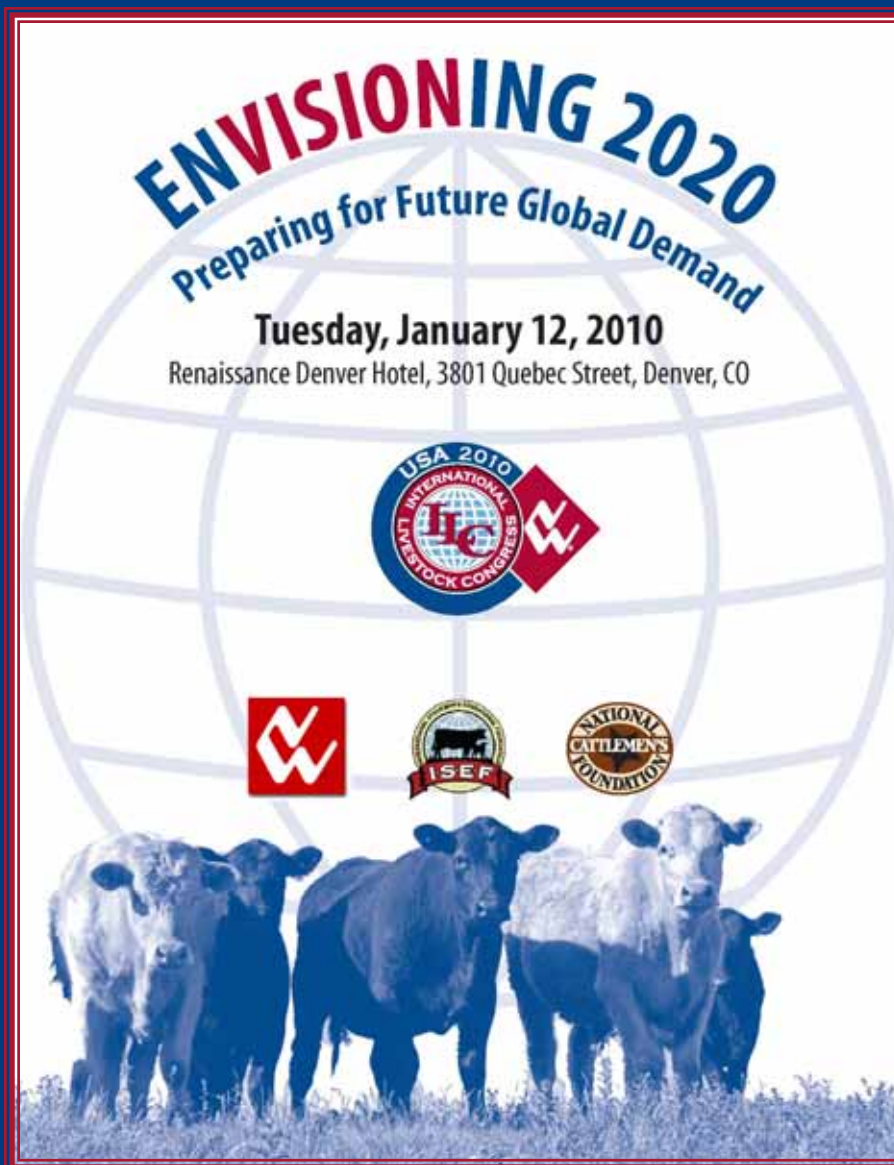


PROCEEDINGS OF THE INTERNATIONAL LIVESTOCK CONGRESS 2010



ILC-USA

ENVISIONING 2020: Preparing for Future Global Demand

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ILC-USA 2010 Executive Summary

ENVISIONING 2020 – Preparing for Future Global Demand

The 2010 International Livestock Congress-USA was again co-sponsored by the National Western Stock Show (NWSS) and the International Stockmen's Educational Foundation (ISEF). The International Livestock Congress concept was developed by ISEF in 1986 with the sole purpose of providing educational events that benefit livestock producers worldwide. The Fourth International Livestock Congress-USA, held in Denver, Colorado, focused on providing current information that can be used in developing today's business plans as well as providing a futuristic look at the global beef industry.

This year's ILC-USA program committee was co-chaired by Clint Peck, Montana State University and Van Ricketts, DVM, Merial Ltd. Other members of the program committee included Paul Clayton, USMEF; Linda Davis, CS Cattle Company; Tom Field, NCBA; Mark Gustafson, JBS; Skylar Houston, Aristocrat Angus and NWSS International Committee; Saul Mercado, International Marketing Consultant; Cyndi Murren, NWSS; John Paterson, Montana State University; James O. Reagan, NCBA and Leann Saunders, IMI Global. The 2010 ILC-USA again attracted a diverse audience of key companies and individuals in the beef industry, including representation from major livestock producers and ranchers; key banking and pharmaceutical corporations; government, education and research organizations; beef and breed associations, and the livestock media.

One unique component of the ILC programs is the ISEF Student Travel Fellowship program which selects a number of outstanding students that are viewed as being the future leaders in the beef industry worldwide. Twelve students from five different countries and twelve universities were selected for this prestigious honor for the ILC-USA 2010. These students participated in pre-congress tours, the ILC-USA and a leadership program featuring some of today's leaders in the beef industry. This year's ISEF Student Program was supported by sixteen sponsors representing numerous sectors of the beef industry.

For 2010, a new education program, the Young Ranchers Program, was added to the ILC-USA program. The Young Ranchers Program featured young ranchers from six different countries. These future leaders in our industry participated in the pre-congress tours, attended meetings with a number of international leaders of today and toured various sectors of the beef industry in Colorado. Also partici-

pating in this program was the winner of the 2010 Dan Kissler Student Fellowship Award and a number of students from Montana State University and Lakeland College, Alberta, Canada. The Five Nations Beef Alliance, formed by the national cattlemen's associations from Mexico (CNOG), United States (NCBA), Canada (CCA), Australia (CCA) and New Zealand (MWNZ), financially supported the program.

A key goal of the ILC-USA 2010 educational programs for students and young ranchers was to build a network of potential future leaders across the countries represented by these individuals. In addition, all of the participants become a part of the International Livestock Congress-USA database and are potential recruits for companies in the agricultural industry.

The International Livestock Congress-USA 2010 drew a total of 171 registrants from 6 countries, including Australia, Brazil, Canada, England, Mexico, and the United States. Twenty-one states were represented, with Colorado having the most attendees, followed by Texas and Montana.

The International Livestock Congress-USA 2010 was designed to explore issues facing the industry in an environment that encourages open discussion. This year's program, entitled **Envisioning 2020 – Preparing for Future Global Demand**, brought together industry experts from around the world to discuss global meat markets, international trade, food production, political updates, and a global outlook of the industry. Keynote speaker, Richard Brown of GIRA, a Swiss food research and consultancy firm, set the stage by providing a global longterm market overview, a global short-term meat demand overview, and information about the current global beef market.

ILC-USA 2010 Program Evaluation

Following each ILC-USA, an assessment is conducted to determine the value of the event to attendees and sponsors. This evaluation was conducted by ISEF on behalf of the ILC-USA and the National Western Stock Show. It is well documented that the residual effects of information shared at the ILC-USA events continue long after the event has concluded.

All registrants were invited to participate in an on-line survey via SurveyMonkey.com. The responses provided a statistically valid profile of respondents.

Questions in the survey focused on the following areas:

- Demographic – to define the audience
- Measuring Perceptions – to assess the perceptions by the audience and
- Future Direction – to assess opinions regarding potential changes in programming or management.

Although 77 percent of the responding attendees reside in the United States, 23 percent reside outside the country. This ratio shows increased representation from outside the United States, as 91 percent and 87 percent of responding attendees were from the United States in 2009 and 2008 respectively.

Thirteen percent of the attendees had previously attended International Livestock Congresses, 25 percent of attendees were attracted to the event via an e-mailed invitation, and 19 percent came based on word-of-mouth.

A series of news releases and/or e-mail notices were sent over a period of several months to prior International Livestock Congress-USA attendees, as well as cow/calf producers and commercial cattle owners who had participated in past National Western Stock Show events. In addition, registration packets were distributed at several industry related events. The ILC-USA 2010 was also included as a homepage focus on the International Stockmen's Education Foundation Web site, www.theisef.com, which provided links directly from the homepage.

Of those attending the ILC-USA 2010, 31 percent were primary producers and agri-business representatives. Nearly 32 percent of those attending were seen as decision makers, as they were identified as upper management.

The perceptions of those attending the ILC-USA event are of particular importance as management continues to move forward in strengthening the event and providing valuable information to not only the area beef industry representatives, but also to the strong international audience attracted to the National Western Stock Show. Because more than 33 percent of attendees attend 5 or more conferences on an annual basis, it is clear that the assessment of the ILC-USA is from a knowledgeable audience.

Attendees ranked the ILC-USA 2010 as very good to excellent in choice of topics, timeliness of topics, and quality of speakers, with the choice of topics ranking highest. All categories were rated as very good to excellent by approximately 80 percent of attendees.

When comparing the ILC-USA to other conferences or seminars attended by the knowledgeable audience, 58 percent noted that the uniqueness of the ILC-USA 2010 was superior to other programs and 51 percent indicated the quality of information was superior. In relation to specific program areas, rated as very valuable were the Global Meat Markets 2010-2020, Future Food Production, the Political Update, and Global Outlook.

The value of the information was reflected in the way attendees plan to use the information. Seventy-six percent indicated they would share the information with their peers and 49 percent said they would include it in industry presentations (the total is more than 100 percent, as respondents could choose multiple responses).

Of perhaps even greater value were the networking opportunities provided through the ILC-USA 2010, as 50 percent indicated they made five or more contacts.

Ninety-seven percent stated they would encourage others to attend future ILC-USA events, supporting the word-of-mouth strength and reputation of the ILC-USA format. Also, it is important to note that 84 percent indicated they likely would be attending the 2011 ILC-USA.

Securing the opinions of its registrants in determining the future focus of the ILC-USA events was of key importance to the survey's development. Ranked as very important by 40 percent or more of the respondents were the following:

- Ensuring that speakers are international in scope and influence
- Ensuring that the focus remains on beef-related issues
- Ensuring that Congress events are held in conjunction with other major livestock events
- A printed proceedings or white papers

An average of 72 percent indicated they had the opportunity to meet and interact with the ISEF Fellowship Recipients, the Young Ranchers, and the Dan Kissler Student Fellowship Recipient.

Clearly, the ILC-USA has become a vital and vibrant component of the National Western Stock Show and continues to develop its reputation for providing a stimulating environment for addressing the issues facing the global beef livestock industry. With an initiative to continue growing its international base by providing topics of global importance, the ILC-USA is very likely to continue as a strategic event for many industry participants.

ILC-USA 2010 Optional Tours

Tour 1

JBS and Colorado State University GrowSafe System



JBS, headquartered in Greeley, Colorado, is the largest beef processor in the world. The plant tour included an orientation on what is seen inside the cooler and how the carcasses are arranged on the rail, specifics on grading and quality, and difference among quality grades—USDA Select, Choice and Prime.



The second stop on the tour was the Colorado State University GrowSafe System at the Agricultural Research, Development, and Extension Center. This brand new system provides researchers the opportunity to better quantify feed efficiency and other measures of growth performance. The group also received briefings on emerging genomic technologies and their potential impact on the industry.

Tour 2

King Soopers Case-Ready Processing Plant and National Cattlemen’s Beef Association



The tour included a visit to King Soopers followed by a visit to NCBA headquarters to learn more about beef innovations, new cut development, and other cutting-edge programs designed to enhance the value and marketability of beef.



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GLOBAL MEAT MARKETS 2010-2020

Richard Brown, GIRA Euroconsulting/Girag



It is a big job to explain the global meat industry. As Phil Seng indicated, Hong Kong imports 90 percent and Japan 50 percent of their caloric intake. Meat is just a part of that, but meat is a massively complex subject. It becomes so complex because we have an incredibly diverse meat market and not one big commodity market.

Global Long Term Market Overview: Meat demand is being pulled by population growth, economic growth and urbanization. As demand growth increases, so does market growth – as long as you are the low-cost producer of that product. Before the global financial crisis, Gira thought that most growth would happen in China, which already has nearly one-quarter of world consumption. Poultry and pork have the largest potential for growth from the long-term global demand outlook, and market issues favor these proteins. Total global meat trade is optimistic, but not at historic growth levels. As trade increases, the Brazilians will be one of the main producers increasing their export volume; although not at the sort of growth rates seen from 2000 to 2005. Brazilian exports of all species will supply

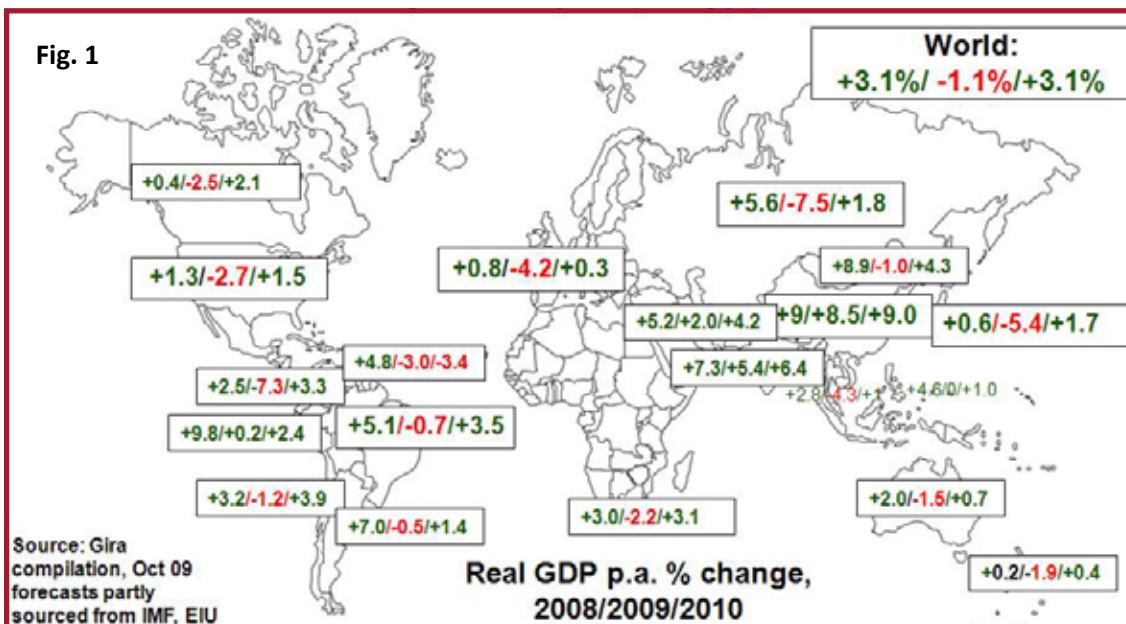
increasing world demand, *if* they are allowed into the importing countries. To maximize the probability of market access, the Brazilians need to respond to their export customers’ needs and demands. Brazilian agribusiness has not achieved a good reputation for this. The “Slaughtering the Amazon” Greenpeace report is illustrative of some of the many issues which importing countries have with Brazil – all of which require Brazilian attention, rather than just denial.

Short Term Global Meat Demand Downturn: If you look at the world economic outlook by evaluating the GDP growth in 2008, 2009 and projected in 2010, a modest recovery will be identified from the 2009 setback for most countries (Fig 1.). Macroeconomists are expecting an extraordinary recovery from the troubles of 2009 ... which Gira regards as rather optimistic.

As a result of the downturn in meat demand, consumers stayed home and traded down in quality and price within and among species. Meat consumption held up pretty well ... but to clear the meat through the system, the prices took a knock.

Oil prices also impacted this downturn. Consumers were dealing with a dramatic increase in oil prices in the first three quarters of 2008. And, although these prices did decline in the fourth quarter of 2008, prices increased again in 2009. These prices had a major repercussion on the meat industry. Prices are likely to rise further, putting pressure on all costs.

Currencies also play into this economic downturn. The U.S. dollar weakened versus key currencies through 2009, losing most of its gain from the fourth quarter in 2008, and is projected to be weak in the years to come. This is, however, an advantage to U.S. meat production systems. The Chinese renimbi is still highly managed and the



Brazilian currency is relatively strong ... which reduces some of the competitive advantage of Brazilian agribusiness.

Other issues playing into the global meat demand downturn are feed costs, animal health, and political developments. Feed prices hit a peak in 2007/2008. Feed costs did decrease in 2009, but are still more expensive than historically and are likely to rise again in the long term. This will be a disadvantage to beef, but an advantage to the U.S. producers because of the scale of their

livestock operations. Animal health issues in 2009 were much less disruptive than normal; however, African Swine Flu in Russia is a major threat, which will impact on the global market if it continues to spread. Other animal health issues that were reported included a few major outbreaks of Foot and Mouth Disease (still a major issue in the Amazon and neighboring countries). Blue Tongue Virus is still spreading, but we are vaccinating, and Tuberculosis and Johne's are still problems in the UK among others. The major human health issue of 2009 was H1N1 and it could cause major economic disruption even apart from the impact of pork demand on NAFTA during 2009 due to the swine-flu misnomer.

Major political developments will force change in the medium to long term, in particular, the focus on the WTO Doha Round, even though it did not make progress in 2009. The global political focus was on avoiding a depression, with quantitative easing. In addition to the WTO, the Copenhagen Climate Change Summit is a key development but with a disappointing outcome even though their "less meat:less heat" message is a threat. And lastly, politically, we will see a return-to-normal political self-interest versus rational economics, with each country pushing their own agendas globally.

In 2009, world meat consumption, excluding China, was almost stable in spite of the financial crisis. But, including China, 2009 world consumption grew slightly



and close to Gira's forecast. While global consumption was broadly stable, inevitably global meat demand suffered a sharp downturn in 2009 as prices for meat fell sharply to clear the volume of product on hand. Both 2009 and 2010 will be identified as tough years for global exporters; however, the United States and Brazil will dominate world trade, even though both face market access issues. The key importing regions show some divergence in trend; the Middle East & North Africa (MENA) will now be the biggest importing region. MENA is still growing because it is price

competitive; Russia will decrease imports and be more unstable; and the United States will remain at equal import levels to the past. The question remains as to how much more China's import requirements will.

Current Global Beef Market Situation: Cattle herds in important countries are stable. However, there was a global trend in 2009 and projected for 2010 for a decrease in the global herd size. Global production was also down in 2008/09 and 2009/10. The United States remains the largest global beef producer even though they are suffering a decline in 2009/10. Brazil is the only country likely to increase production during this same timeframe. However, this is not one homogenous industry at all, e.g., average slaughter weights are not homogeneous from one country to another. The average slaughter weight in the United States and Canada is 354 kg (780 lb), while the average slaughter weight in South America and Africa is 194 kg (428 lb) and 151 kg (332 lb), respectively. These differences can be attributed to very different animals and production systems – dairy vs. beef, grass vs. grain, etc. There are also huge regional differences in farming scale and systems and the resulting cost of production. Brazilian production costs about 2/3 that of the United States or Canada or about 2/5 to 1/3 that of the EU. While this is true, we must be careful in making comparisons because, again, the beef and the production systems are not the



same and there are dramatic cost differences among farms in the same country. These different systems offer a country the opportunity to fulfill niche markets based on the country's outline of value products. For example, in the EU markets, there are many different products marketed into the "premium", "commodity", and "discounted" beef segments. Even to the same consumer, there is nothing contradictory in these different marketing schemes. In the EU, because of the troubled economic situation, 2009 was a bad year for "premium."

Globally, beef and veal exports were down in 2009, only Argentina increased volumes (due to a mixture of politics and the need for destocking due to their drought). At the same time, imports were also globally down, with the strongest decrease in imports seen in Russia. Trade flow will continue to fluctuate given economic situations, strength of currencies and global demand. We are expected to see some recovery in 2010 in the global beef market after the price decreases in 2009.

Global Meat Industry Developments: Significant corporate developments among global meat processors impact the global meat market. The U.S. firms have traditionally been the biggest operators. With a local, domestic market mindset and commodity by-product exports, the United States has a massive scale advantage over the rest of the world in production and marketing. Specifically in the United States, Smithfield has been expanding globally including Europe, and Tyson is becoming more proactive outside of the United States. However, the U.S. firms had a disappointing share-price

performance compared to the main corporate entities, and stock prices illustrate the difficulty that equity markets have in coping with agricultural commodity risk.

The Brazilian meat processors are growing rapidly and globally. Sadia and Perdigao (now merged to form BRF), along with JBS and now Marfrig, have led the way in Brazilian expansion – both organically and through a stream of mergers and acquisitions. This phenomenal growth is being driven by:

- the opportunism of creative bankers
- the ambition to grasp agribusiness opportunity and profit
- a drive for scale
- multi-origin locations allowing for flexibility and risk reduction
- multi-specie operations allowing for scale benefits and risk reduction
- strategic government support.

The financial market chaos of the fourth quarter of 2008 and 2009 checked the key companies, some of which have faced severe losses, but in late 2009 the JBS acquisition of Bertin and Pilgrims Pride, and Mafrig's acquisition of Seara Foods from Cargill signaled a resumption of the aggressive growth strategy.

However, these are times of real uncertainty: the key strategic questions for the global meat industry being:

- What is the extent, timing, location and type of global meat demand growth?
- Regulatory issues – will politicians allow global opportunities to be exploited by global players and how will they react to environmental challenges?
- How can the risks of the meat business be minimized and managed?
- Will there be access to capital for agriculture and/or processing?
- Will suppliers be allowed to make an acceptable return on investment (or will this be retained by the retailers)?
- While the United States is ahead on most of the above issues, will we have more third country access?
- Can relatively high-cost grain-fed beef compete for muscle meats in other countries?

Lastly, while the United States has companies that are excellent at risk management (such as Cargill), the EU has a fragmented industry with a long way to go to get its domestic industry structure into a strategic condition where the companies can compete for growth opportunities on the global stage. One of the strategic changes facing EU processors is the structural change from the traditional disassembly mindset to a mindset of assembly of products for retailers.

Conclusions:

- ◆ There is real uncertainty over several of the key drivers that impact long-term global meat development all over the world, especially for beef.
- ◆ The United States is *the* great beef market and is second for total meat even after a severe 2008/09 domestic downturn for all meats.
- ◆ The U.S. industry is increasingly interfacing with global markets, but its exporters have faced a tough year due to the short-term downturn in global demand, exacerbated by the strength of the U.S. dollar in the fourth quarter of 2008.
- ◆ The United States has the largest and most efficient feeders and processors, but don't lose sight of the fact that Brazilian processors have substantially increased their global influence ... and their ambitions are not quenched yet!
- ◆ There are strategic opportunities in a growing global market, aided by a weaker U.S. dollar.

INTERNATIONAL TRADE PANEL

Erin Daley, U.S. Meat Export Federation



With all the talk about recession and the global economic crisis, it is important to realize that there is still a global appetite for beef. While beef export volume globally declined by around 3 percent in 2009 as compared

to 2008, most countries remained relatively stable. Brazil had the largest decline in export volume, down 10

percent compared to 2008. On the opposite side of the equation, Argentina's export volume was up 56 percent from 2008 numbers. Argentina also documented increased cattle slaughter, increased domestic consumption and lower prices in 2009. The Argentine government policy against exports combined with devastating drought conditions led to herd liquidation. On the importing side, most countries maintained relatively stable beef buying activity, with the exception of Russia whose imports fell by 23 percent while Greater China (China, Hong Kong, Vietnam, and Macau) increased imports by around 30 percent in 2009 as compared to 2008. This volume makes the Greater China region the 4th largest importing region behind the United States, Russia and Japan. Of the total volume exported to Greater China, the United States accounts for approximately 13 percent overall, however, the United States accounts for an estimated 80 percent of grain-fed volume exported to the region. There is tremendous potential for growth in U.S. beef exports to the region as China itself remains closed to U.S. beef. Other countries accounting for a vast portion of Greater China's imports include South America and India, which is a cheap source of buffalo beef.

Beef trade is shaped by market access, generally based on a country's animal disease status. Brazil and Argentina ship beef to Russia, the Middle East, Greater China and the EU. Australia and New Zealand ship beef to Japan, the United States, Korea, ASEAN (which includes the Philippines and Singapore) and Canada. The United States ships beef to Mexico, Canada, Greater China, Japan, and Korea. Lastly, India ships beef to ASEAN, the Middle East, and Greater China. Major exporters include Australia, New Zealand, and Uruguay, each of which exports more than 60 percent of their domestic production. In comparison, the United States uses 90 percent of its domestic production in the domestic market and Brazil consumes more than 80 percent of its production at home. On the other side, Japan and Korea rely on imports for more than 50 percent of their consumption; Russia relies on imports for greater than 36 percent of its consumption. The United States and Canada are the only countries that both import and export significant volumes of beef.

With regard to global pork trade, the United States is the largest pork exporter in the world. Pork exports have decreased globally, with the exception of Brazil, which has increased as a result of growth in exports to Russia. Meanwhile, the only significant growth in pork imports occurred in Mexico and Australia. In 2009, the United States continued to gain market share in most regions and set new export records to several countries. The major exceptions were China/Hong Kong and Russia, largely due to H1N1-related market access restrictions in these countries. Although the China/Hong Kong region is the largest pork-importing region in the world, on a volume basis, imports account for less than 2 percent of Chinese domestic pork consumption. China's pork imports were down in 2009, but 2009 levels were still higher than those in 2007, indicating that China will continue to be a growth market for global pork exporters, especially for variety meats.

Total U.S. beef exports have not recovered to pre-BSE/2003 levels; however, the United States still ranks first in pork exports, second in poultry exports, and third in beef exports. The United States, in total, exports around 20 percent of its poultry production, 22 percent of pork production and 10 percent of beef production, including variety meats. In 2008, the United States exported over 984,000 metric tons of beef (up 28 percent), valued at \$3.62 billion (up 38 percent). The forecast for final 2009 numbers were to export 886,000 metric tons. The growth in exports to Asia in 2009 has not offset the drop in exports to Mexico and Russia. Relative to global beef prices, the United States is still very competitive and will remain so, helped by the relatively weak value of the dollar compared to other currencies. The top seven markets for U.S. beef exports, based on the weekly data (muscle cuts), include Mexico, Canada, Greater China plus Vietnam, Japan, Korea, Taiwan, and the EU. Currencies and Country-of-Origin Labeling (COOL) continue to impact trade with Mexico



and Canada, the largest markets for U.S. beef. Exports to the Asia markets are expected to maintain the positive growth of 2009 through 2010 even though Japan continues to limit imports to those animals less than 21 months of age. Asia accounted for 30 percent of U.S. beef and variety meat exports in 2009, up from 23 percent in 2008.

Mexico and Canada accounted for 48 percent of the 2009 U.S. beef and variety meat exports, down from 56 percent in 2008. The Mexican market will continue to be impacted by greater price sensitivity because of a weaker peso and the challenging economic situation. Beef

rounds currently sell for around three times more than hams, so consumers are tending to trade down to pork and poultry, as Mexico's total meat imports from the United States have remained steady to higher despite the drop in beef imports. Mexico is the largest market for U.S. beef variety meats but exports of those

products fell by 40 percent in 2009. Reflecting the drop in variety-meat trade and the decrease in demand for hides and tallow, the beef by-product allowance (or drop credit) crashed late in 2008. While there was a slight rebound in 2009, the LMIC estimates that cattle prices suffered by roughly \$2.80/lb in 2009 as a result of the lower by-product values.

Many of the top markets for U.S. beef and pork had near-record strong currency values against the U.S. dollar prior to the global economic and financial crisis (which began unraveling in September 2008). Most trading partner's currencies reached a bottom against the U.S. dollar in early March 2009 and have since regained much of their value against the U.S. dollar. Thus U.S. beef is regaining a price advantage as competitor currencies strengthen. The Japanese yen is one notable currency that has maintained value against the U.S. dollar throughout the crisis, giving its consumers greater

purchasing power, while currencies in other importing markets are recovering but remain relatively weak (i.e. Mexico, Russia and Korea). Since the Korean won dropped below 1200/U.S. dollar in September, U.S. beef exports to Korea have exceeded 1,000 metric tons per week.

The FAO/OECD forecasts growth in global beef consumption at 8.448 million metric tons (up 13 percent), comparing 2008 to estimated consumption in 2018. The projected growth in consumption by 2018 is about equivalent to total production in the EU-27 during 2008. The EU is the third largest beef producer in the world, behind the United States and Brazil. Growth in global consumption is also equivalent to 73 percent of the U.S. production during 2008. Over the same period of time from 2008 to 2018, U.S. beef consumption is expected to increase by 680,000 metric tons (up 5.5 percent). While consumption is expected to increase, in 2009 world beef production is estimated to have fallen 2 percent from 2008, and will continue to decline in 2010. Given the long beef cattle cycle, current continued contraction indicates tight global supplies in coming years, leaving the question of who will meet the recovering/growing global beef demand.

The USDA estimates that world pork production will increase by nearly 2 percent this year, following a 4 percent increase last year. This increase will push world pork production over 100 million metric tons. Growing global production has weighed on pork prices around the world. Although the drop in global production during 2007 (mainly due to a drop in Chinese production) and at least anticipated shortage during the beginning of 2008 led to record high prices, then fueling an increase in production--resulting in a dramatic decline in prices in 2009 (combined with the global economic crisis and H1N1). However, with the exception of China, Brazil and Russia, 2009 pork production declined in many countries, notably the United States, EU and Canada. Feed prices abated in 2009 compared to record high prices in 2008. However, feed prices remain at a new higher threshold and current feed-price ratios do not provide an incentive for expansion in the livestock industry. Supplies in developed countries are generally still in at least minor contraction, attempting to move meat prices to higher

levels to offset the sustained higher input costs and return the livestock industries to profitability.

Per capita beef consumption in the United States is expected to fall below 40 kg/capita (carcass weight equivalent) for the first time on record in 2010. Developing countries, with much lower rates of beef consumption, offer growth potential but consumers must be willing and able to pay higher prices in the context of tight global supplies. One example of a huge growth market is China, with per capita consumption of around 6 kilograms. Even a small increase in per capita consumption times 1.3 billion people is a lot of beef! Lastly, U.S. per capita consumption of pork is also expected to decline, while poultry consumption is expected to see a slight rebound in 2010. For both beef and pork, U.S. exports are expected to increase while domestic production declines and imports remain generally steady. This means foreign consumers are expected to outbid Americans, leaving smaller per capita supplies of beef and pork to be consumed in the United States. Hopefully this "competition" for U.S. red meat will lead to higher prices and greater industry profitability.

Rob Shuey, Tyson Foods, Inc.

The question that Tyson Foods must ask itself, or what any company must ask itself, is, "Do we want to be a global competitor and what influences or affects our abilities to compete globally?" There are growth opportunities for the U.S. red meat industry in the international market.

However, along with these opportunities, market-access challenges persist, domestic policies impact our competitiveness, the food safety image of our product must be enhanced and we must continue to focus on differentiation of our product to be competitive in the global market. But, with this said, it is important to keep in mind that despite these challenges with regards to



market access, the economic crisis, food safety, residues/antibiotic use, traceability, environment, and animal welfare, opportunities indeed exist!

Why do these challenges exist?

Market access has been an issue in the United States since BSE was identified. The identification of BSE in the United States still impacts market access to many countries including China (closed to U.S. beef) and Japan (limited to product from animals under 21 months of age). BSE-related losses totaled around \$12 billion in 2004-2009; averaging \$80/head of steer and heifer harvested during the six years. There is potential, with access relief, to increase the export market by \$1.3 billion or over \$50/head of steer and heifer harvested.

Economic crisis. The economic and financial crisis has been a global issue. The global economic crisis impacts drop credit in the beef industry. The industry saw record high drop credit in 2008 and record low drop credit in 2009.

Food safety. The stories and images associated with recalls impact the U.S. meat market globally. Once stories are out, you can't retract them or reverse the impact they have on product marketability.

Residues/Antibiotic use. Congress has talked about antibiotic use and whether or not it should mandate how products are used in food-producing animals. With the goal of limiting or decreasing antibiotic resistance with limited antibiotic use, we have to pay attention to the impact of such action and the relevance worldwide. Other countries have limited the subtherapeutic use of antibiotics, with the result being an increase in therapeutic use. Decisions should be based on sound scientific facts and data and not emotion.

Traceability/National Animal Identification. Essentially all of the national-animal-identification system funding has been pulled out of the federal budget. All or at least most international competition has a system in place. In Korea and Japan, for example, a consumer can pick up a



package of meat, identify a number on the package, plug the number into a computer system and the system will identify the animal and the farm from which the animal was raised.

Environment. What costs and regulations will be put into place and how will they impact production and costs?

Animal Welfare/Activists. Production agriculturalists worry about animals and their well-being. We understand animal welfare, but, we find ourselves dealing with “feel good” legislation that impacts how we are allowed to raise animals. Six states have legislation in place. Of those six, only Ohio has been proactive with legislation establishing a Livestock Care Standards Board as a way to promote animal welfare.

So, where are the opportunities? Opportunities include the fact that we have tight global supplies, high quality products and growing incomes. China has huge market potential because of their growing middle class. These opportunities will simply build upon recent successes of both pork and beef. These success stories include:

- Expanded access to the EU – The United States gained access to a new 20,000 metric-ton duty-free tariff-rate quota (TRQ) for high quality beef exports to the EU. The goal is to expand this duty-free TRQ to 45,000 metric tons after three years.
- Taiwan – While the United States still faces some challenges in Taiwan, Taiwan is open to bone-in and boneless beef from cattle under 30 months of age. Challenges include the ban on offal, ground beef and products from animals more than 30-months old.
- Hong Kong – The United States should have complete or full access soon. Canada already has full access to Hong Kong for all products following a three-phased approach to expanded access.

- Beef and variety-meat exports are at 10 percent of beef production. While this is still 3 percent below pre-BSE levels, it is a remarkable improvement from the post-BSE level of 3-4 percent in 2004.
- Pork and variety-meat exports are at 22 percent of production. In 2009, the United States documented record export levels to Mexico, Australia, Caribbean, Central and South America, Dominican Republic and New Zealand.

Of the top ten beef-producing countries, the production trend is lowering in the United States, Mexico, Canada (which is typically a net exporter), EU, China, Argentina (also a net exporter), Russia, and Australia (also a net exporter). Production growth has been documented in Brazil and India, which are also net exporters of beef. Given these trends, we will see tight global beef supplies, especially of grain-fed beef, continued trade flow challenges as a result of market access issues and, therefore, limited production growth in the global beef market.

Some additional points to ponder relative to the global beef market:

- Exports contribute to the health of the industry. Disappearance models indicate revenue increases if we can sell product off shore.
- Domestic policies will impact competitiveness and profitability. Specific issues include mandatory COOL, climate change legislation, health care, animal welfare, and property rights. Has COOL impacted trade with our two biggest beef trading partners, Mexico and Canada? Moreover, a lot of time was spent by the government addressing health care, which was frustrating to the industry trying to increase market access. Trade issues took a backseat to the health-care debate. Lastly, property rights will continue to impact the industry as we deal with urban sprawl and how that impacts the cost of commercial production.
- The industry must rely on proactive, educated, and engaged producers to guide policy and enhance the image of the industry.

- A global effort will be necessary to promote and defend the meat industry and production practices. For example, consider the grain-fed vs. grass-fed issue relative to end-product quality, efficiencies, land use, etc. How we view that relationship in the industry may be different than how those outside the industry view the relationship.

Given all these issues, there are many challenges that we need to address as a beef industry. These challenges include the efficiency of beef vs. other protein sources. Which source has a smaller economic impact relative to production costs, resource utilization and other similar factors? Other challenges include addressing the industry's carbon footprint, consideration of affordability and economic stability, and making sure we are focused on consumer demands. And, given the challenges and opportunities, the overall advantage goes to the U.S. beef industry. The United States maintains its advantage because of our cost of production relative to other countries because we have adequate grain supplies, adequate climate for production, and the size and scale for efficient processing facilities. We also maintain the advantage because we produce high quality beef and pork and the USMEF tells our story well – just consider the U.S pork logo and success!

To summarize, we must remember who our customers are and what they want. Once we remember who they are and what they want, we may have to work through some access issues and may have to develop a specialized product line for them, but our job is to meet their demands at a competitive yet profitable price.

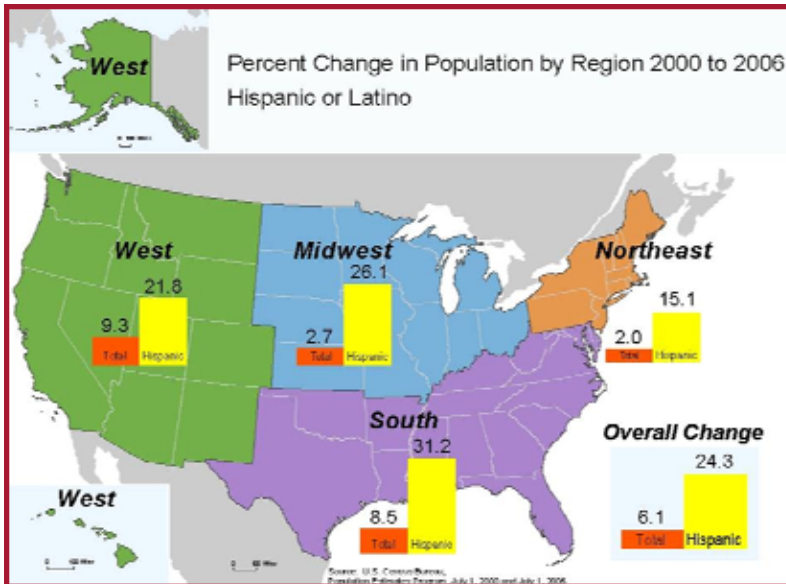
Greg Bloom, Colorado Meat Packers

Colorado Meat Packers (CMP) employs 90 people in the plant and 10 people in the office. Currently, CMP brings in approximately 1 million pounds of beef and bison per week, processes it for a specific customer and ships it out. Half of the CMP



business is consumed under the 'your beef, your label' truckload business, meaning that CMP will process and place your label on the product if you order a truckload at a time. The challenges for small beef fabricators is supply of carcasses and competing with large companies with full vertical integration. To compete, CMP has focused on the "Latinization" of the beef industry, focusing on the Mexican and Latin American meat markets nationwide. Colorado Meat Packers realizes that the ethnic population in the United States is changing and someone

Carnicerias do a great job of displaying and merchandising meat, specifically beef, and are a full-service shop. The owners and workers of the markets often know their customers/consumers by name and what they want each time they walk through the door. While U.S. natives tend to go to the store once a week to get everything they need, the ethnic populations tend to visit the carniceria at least 2 to 3 times per week, some once a day, and will pay cash for their purchases. As a result, these markets will build supplies around paydays



and the weekend. Because these markets focus on their consumers, they will also speak to them and label their products in the language of their clientele. They will encourage their customers to try new things, and will give them samples of that item to help promote the new purchase.

As a result of the focus on ground and thin-sliced products, the cut utilization in the carnicerias is completely different from that in a traditional U.S. grocery store. These markets sell a lot of chucks, rounds, and thin meats. Their customers prefer No-Roll or USDA Select product. The customers in these markets are price-oriented buyers and are color-, trim- and brand-name conscious (packer-name conscious).

needs to supply these markets on a regular basis with the products they want to consume.

More than half the population in Los Angeles, New York, Miami, Chicago, Houston, San Francisco/San Jose, Dallas, Phoenix, and San Antonio are Hispanic. This ethnic market will continue to increase and, per capita, they do consume more beef than U.S. natives. Because of this, CMP has found wholesale distributors to work with stores in these locations to move products which focus on these markets. This ethnic group prefers to purchase their meat products at Carnicerias or meat markets. They tend to purchase thin-sliced products, and some products cut differently than the average fabrication style of the United States. As a result, CMP provides custom cutting for these distributors/stores by bringing the store employees to a CMP plant location to work with CMP employees and outline how they want products cut and packaged for their market situation.

Colorado Meat Packers relies on a different market for survival than the traditional packer in the United States. It focuses on pleasing the clientele by branding product, developing cuts for them in the plant, and resolving issues on site rather than via email. Customer service and relationships are a key priority to CMP's survival in the marketplace.

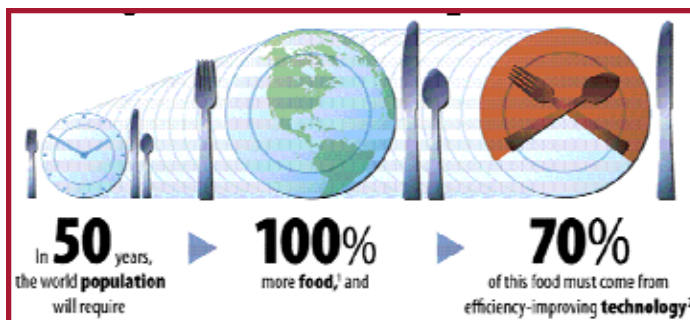
**FUTURE FOOD PRODUCTION:
FOOD ECONOMICS AND
CONSUMER CHOICE**

Jeff Simmons, Elanco Animal Health

Did you know that 1 billion of 6 billion people go to bed hungry every night? Having hungry children is unacceptable and we have a social obligation to help those that are hungry. Because of this, Elanco Animal Health is committed to helping combat hunger



with their Global Hunger Initiative and alliance with Heifer International. While this alliance is not the focus of his talk, Simmons focused on answering the question, “why does agriculture need technology to help meet a growing demand for safe, nutritious, affordable food?”



In the next 50 years, the world population will require 100 percent more food, and 70 percent of this food must come from efficiency-improving technology. The consequences of failing to use science-based technologies and innovations will be disastrous. It is important to understand that there are probably 500 people globally that drive food policy and food choice. These 500 decision-makers must understand the need for these technologies to be utilized in production agriculture, and we all share the responsibility to ensure new and proven technologies are available to our production systems. What is this technology – technology is being able to do it better (practices), genetics, and new technologies that we don’t even know about today. Driven by the need for food-production efficiency, agriculture can achieve the ultimate win for consumers and supply an affordable, abundant, safe, and sustainable food supply and still have ample grain for biofuels.

So, will the world population outpace the food supply? The total estimated population of the first world countries in 2008 was estimated at 1 billion people, while the estimated population for second and third world countries in the same year was estimated to be 4-5 billion people. Second and third world countries are growing and they have a strong GNP. Chinese and Brazilian businesses are expected to at least double in size in the near future. We have doubled food production in the last 50 years, and that was done heavily with technology. From 1948 to 1994, farm productivity increased by 145 percent – all livestock

products increased 213 percent and all crops increased 250 percent. Technology helps today’s dairy farmers produce 58 percent more milk from 64 percent fewer cows than in 1944. Why does this matter? For one example, China has openly said that most of their consumers intake approximately 100g/d of calcium, compared to 900g/d in the United States; China would like to increase this to 300g/d per person. This increase would mean that in the next 3-4 years, globally, we would need more cows, or we would need to improve technology to increase production with the same number of cows.

Technology also helps minimize the global environmental impact of total food production. For example, a cow with BST emits 1 pound less of greenhouse gas than a cow without BST. This fact has caused many retailers to slow or even change their position on BST use in dairy production. In another example, conventional grain-fed cattle produce 38 percent less greenhouse gas emissions than grass-fed beef.

So, the ultimate question becomes, does the consumer want technology? One year ago, the consumer’s perspective was this:

- Only 7 percent worry about agricultural production methods.
- Only 1 percent cite biotechnology as a top-of-mind concern.
- Most assume the meat and poultry they buy is safe. Sixty-four percent believe that the food supply is safer than when they were young.
- Sixty percent express concern about food prices.
- Only 17 percent in 2008 were interested in knowing about food animal production (~60 percent had little to no interest).
- The primary food concern in 2008 was affordability.
- More than 75 percent can not afford organic and less than 3 percent purchase organic.
- And, the most credible group of people includes producers, veterinarians, and grocers.

As a result of the survey, you could conclude that it becomes a dilemma of choice. In all consumer studies, three things are important – were consumers asked

unaided questions, where was the money spent, and was it proactively done. Consumer studies are about behavior and opinion, so if these three things are not adequately addressed, you cannot base decisions on those studies. So, looking at unaided surveys relative to evaluating the consumer behavior of spending, 95 percent of consumers favor conventional foods, while 5 percent favor lifestyle foods. Lifestyle foods would include those things that provide some form of political expression – vegan, organic, no antibiotics, etc.

Concerns for the conventional food purchasers include availability, affordability, nutrition and choice; while concerns for the lifestyle food purchasers

Do not let a “minority voice” turn their choice into food policy.

-Jeff Simmons

include luxury, extremism, and restriction of choice.

Data that turns into Food Policy is wrong. The question should be, ‘are you \$220 million sure?’

In the U.K., the minority dictated to the majority. The U.K. had the best husbandry and science people in the world. These people identified that BSE decreased consumer confidence. As a result, a handful of individuals who represented very small groups of people turned choice into policy. These policies are now handcuffs to producers in the U.K. Prior to these policies, the U.K. was a net food exporter – now, they are a net food importer. The value of U.K. food imports is 133 percent higher than exports, meat imports are 389 percent higher than meat exports, and dairy imports are 132 percent higher than dairy exports. Farm incomes are down 71 percent; without government subsidies, incomes would be negative 7 of 11 years; 60,000 farms and farm workers were lost from 1998 to 2001, and tens of millions of pounds of meat were lost due to animal disease.

The question becomes, is this same result going to follow suit in the United States. Eleven states now have some form of the California Proposition 2 legislation. How are we going to stop the trend before all of production is impacted? The truth is, we need to refocus the debate.

The beef industry needs to commit to providing maximum choice to the 95 percent, provide increased

premium choices to the 5 percent, and prevent the small minority of 5 percent from turning their extreme luxury positions into food policy. If we do allow food policy to change, more people will starve, food will become less affordable, strain on environmental resources will increase, and consumer confidence will decrease.

The strategy to success is this:

- Technology + Choice = Ultimate Win
- Engaging about 500 key influencers to help drive food policy. Get all animal proteins under one tent, with one voice.
- Globally, new approvals and one trade standard
- Playing to Win – increased innovation, increased collaboration, and increased capabilities.

We still have a few points to consider:

- Maximum choice creates maximum advantage
- There are two segments emerging on technology – is it an economic advantage or a trade barrier?
- Differentiating on the negative has gained no marketing advantage in labeling – just look at antibiotics in Europe or BSE in the United States
- The biggest risk is letting the minority voice turn their choice into food policy.
- There are clear standards to create higher confidence – the goal should be one trade standard.

Finally, technology movements have been seen as an economic advantage in several countries, while in others, they are viewed as trade barriers. The question remains

...the world has the technology to feed, on a sustainable basis, ten billion people. The pertinent question today is whether farmers and ranchers will be permitted to use this technology.

-Norman Borlaug, 2000

how they will be viewed in countries which have not yet determined a position on technology’s role in food production.

In summary, the global food industry needs technology, consumers deserve the widest possible variety of safe and affordable food

choices, and the food production system can mitigate the food economics challenge and achieve an ultimate win

providing an affordable, available, safe and sustainable food supply.

PRODUCTION SURVEY PANEL

Kevin Yon, Yon Family Farms

Kevin Yon is a first generation cattleman who has owned commercial cows through high school and college. After running cows for seven years, he was informed they would have to disperse the herd in 1996. A neighbor offered them some land as a result of this news, so Kevin and his wife loaded up and moved 60 miles with 100 cows, 2 pick-up trucks and 3 kids under the age of 5. In their start up operation on the new location, they offered 12 bulls in their first sale – today, they sell 250 bulls per year.

Yon Family Farms has six cooperator herds, meaning they have six customers in the cattle business (one of which is their banker) who they help market cattle. Kevin indicated that they consider themselves “grass farmers”, using cattle to market their grass. The goal on Yon Family Farms is to have a grazeable and nutritious feed source twelve months out of every year, use by-products as a supplemental feed only when necessary, and be a manager of assets. Yon Family Farms considers it a service to help bull customers put load lots of cattle together and buy feedstuffs in bulk, thereby helping them all save money—and, it is done on the honor system; there is no feed store.

Relative to costs, Yon Family Farms has three goals: be profitable, be sustainable and maintain an enjoyable way to live. As a result, they don’t consider everything a cost, rather some things are valuable expenditures. People, herd health, and genetics, for example are valuable expenditures. However, there are still costs that must be managed and to manage those costs, Yon Family Farms reduces costs in places that don’t adversely impact anticipated return or their bottom line.

Our success depends on our customer’s success.

-Kevin Yon



John Maddux, Maddux Cattle Company

John Maddux felt a passion and calling for the beef business. Since he was a young child, he always wanted to be out with cattle. Even though he took a few detours before getting into the cattle business, he doesn’t regret anything he has been through.

Maddux Cattle Company has been through ups and downs in the beef business just like everyone else and change has impacted their operation in several ways. John provided a few examples of how various things can impact the cattle business....

1. In 2005, Maddux Cattle Company sold all their cows because of drought. Cow numbers are down because cow margins are down.
2. In the last few years, we have seen lower calf prices, resulting in lower total income. At the same time, input cost has increased dramatically. As a result, margins are limited and all cattlemen get squeezed financially.
3. As a result of selling all cows in 2005, Maddux Cattle Company had to rebuild their herd, starting in 2006. Cow inventory was still low, so restocking prices were still high. Restocking price in 2006 was \$600/female; in 2007, \$575/female; in 2008, \$511/female; and in 2009, \$450/female. This substantial reduction in price for replacement females impacts the bottom dollar of Maddux Cattle Company. The estimated margin that they started with in 2005 has decreased over \$100 and at the same time, input costs have increased over \$75/head. As a result, Maddux has seen a decrease in revenue of approximately \$175/head.

These situations are happening to everyone across the United States and the U.S. cow herd continues to liquidate. Cow inventory decreased an additional 500,000 head in 2009 and is predicted to decrease by another 300,000 head this year. Since 1996, every year has resulted in a net loss in cow inventory, with the exception of 2004 and 2005. Today's cow herd of 31 million is the smallest herd size since 1963.

As a result of this decrease in cow inventory, beef production is down 600 million pounds to 61 pounds per capita production. While it is hard to estimate the impact of feed grains on margins, the shift in corn price from \$2 to \$4 has caused dramatic changes in the beef industry. For Maddux Cattle Company it has resulted in:

- Moving calving dates from March to April or May in order to not incur feed costs for cows.
- Changing genetics so cattle can survive on forage twelve months out of the year without supplemental hay or feed.
- Eliminating alfalfa if supplemental feed is needed, and opting for distillers grains as a cheaper protein source. Higher feed grains is related to ethanol production, which yields a high protein by-product (as compared to corn) that is relatively cheap.
- Lastly, there is enormous pressure and incentive to put pounds on calves with forage prior to the feedlot, which results in moving calves off of grass in August at 900 pounds. The net result is feeding cattle in the feedlot for 105 days, instead of traditional 200-210 days.

The other shift that has been identified in the last 18 months is the shift in beef demand. The economic crisis scared everyone, causing a psychology of fear that impacted buying habits. This fear will be around for a while, especially with 10 percent unemployment and as a result consumers will not shell out money for high-value steaks. The net result will be a shift down in one protein and a shift to other proteins as well. Along with the economic crisis, is the erosion of real estate. This erosion is fueled by the wealth effect when consumers saw a huge increase in value in homes in the early 2000's, they



refinanced with huge money out and/or increased lines of credit/home equity and now prices are declining.

The recommendation from Maddux Cattle Company is to take advantage of any economic improvement with management numbers in supply.

Butch Bratsky, Stockman Financial Corporation

Because Butch Bratsky's dad's ranch was too small for two families, Butch went to college and became involved in the banking industry. He has been in banking since 1975. In 1993, he joined Stockman Financial Corporation in Montana, the largest agricultural lender in the state.

Butch identified production agriculture as a group in which the majority involved need financing of some form. Stockman Financial Corp. will evaluate financial strength, collateral, repayment capacity, credit checks and conduct field evaluations when working with an individual or group involved in the agricultural industry.

Butch has identified challenging times ahead for the commercial lending banks, not investment banks. These challenges exist because of all time lows in the prime rate. When rates are high, producers will need to sharpen their pencils even more to make things work. Butch indicated that the main way to generate capital or dollars to work with is through profits. Profits will allow an organization to come up with funds to operate and/or loan to producers to operate their production agriculture enterprise. Butch suggested that cattlemen take on a partner, a co-signer or the like, if they don't have the money or equity to buy land to start or expand an operation.

POLITICAL UPDATE

Colin Woodall, National Cattlemen's Beef Association

Before the discussion of key issues, it is important to understand who the key players are and what their thoughts on agriculture are and where they come from. Key



individuals in the U.S. political climate include the President, Barack Obama; the Secretary of State, Hillary Clinton; the Secretary of Agriculture, Tom Vilsack; Michael Pollan, Cass Sunstein; Dr. Kathleen Merrigan. The first three are self explanatory. The last three take a little more explanation. Michael Pollan is the author of *Omnivore's Dilemma* and is one of the 5 percent that make decisions as Jeff Simmons described above. Pollan has taken it one step further by trying to take his choice to policy and he has the ear of the president. Cass Sunstein is the head of the Office of Regulatory Affairs in the Budget Office of the White House. Sunstein makes decisions on what rules and regulations get put into place; he is an animal rights attorney meaning that he believes that animals should be able to sue owners for mistreatment. The National Cattlemen's Beef Association blocked his nomination for approximately six months, but he was approved to fill his role in July, 2009. Dr. Kathleen Merrigan is the Deputy Secretary for Agriculture. She was involved in writing the organic standards and has one priority for this administration and that is organics. She is evaluating Farmer's Markets and using them as a means of distributing/selling organic foodstuffs. The other key player component to understand is the thought process behind the Senate and Congress. For example, no one has the time or ability to understand the thought process of health care according to the House, but as a member of Congress, today it is all about getting re-elected.

We also have to understand how the government thinks about the dollar. The government is not worried about millions, but trillions. To put that into perspective, a trillion dollars is equivalent to: a) to spend a trillion dollars, you would have to go on a \$1000 shopping spree today and every day for the next 2.74 million years, or b) pay for the college education for every student graduating high school until 2018 at a four year public institution. This puts the \$5-6 trillion spend by the current administration in 2009 into perspective.

Given the understanding of who we are dealing with, here are the top issues that will impact cattlemen.

1. Environment

- a. **Feingold/Oberstar Clean Water Restoration Act.** There are no better stewards of land and water than cattlemen; we support taking care of resources. However, there is an effort in Congress to define what waters of the United States are. Currently, if you can navigate a water body, it is in control by the U.S. government. One bill has been outlined as saying that something that does or could hold water – including a rut or dry wash in a driveway – is under the Clean Water Act and will have to meet regulations to what you can and/or can't do with those waters. This language would include natural stock tanks. NCBA does have a hold on this bill and given an election year, believes that it will be maintained as currently stated giving them time to educate members of Congress on how flawed proposed bills are in their language.
- b. **Climategate.** Data currently are being manipulated and/or pulled aside because it didn't say what the government wanted it to say. Statements are being based on less than accurate information. Instead of really looking at this, the current administration and EPA decided that they needed to say something to others at the Copenhagen Climate Talks and put in place an endangerment finding on greenhouse gases and how they impact citizens. The Climate Talks

were less than successful, but it was talked about on a global stage. As such, the government could regulate greenhouse gases under the Clean Air Act, paving a way for the government to influence the beef industry.

- c. **Dust.** Official EPA language includes fine particulate matter (small dust, smoke) and coarse particulate matter (including particles kicked up in a feedlot, from a combine, etc.). The EPA has taken this language to a level so low – 12-15 mg/cu meter – that you would be in violation driving down a dirt road. The issue at hand is how this will impact tillage, harvesting of grains and feedlots, just to mention a few. This could put the entire food and fiber industries in jeopardy. The NCBA is trying to influence the review process and is trying to get EPA to make a scientific decision instead of letting Congress make a law on flawed science.
- d. **EPA Endangerment Finding.** This issue is at hand and is less than a scientific decision.

- The current budget was to have the money, equivalent to 2009 levels, for President Obama’s budget – and the budget needs the money to pay for operations.
- Currently, the death tax is in the Senate’s control and they are working to make changes retroactive to January 1, 2011.
- Full repeal is not an option as the democrats will not embrace a repeal.
- The beef industry is an asset rich and a cash poor industry. With heirs having to pay the death tax at the current level – 55 percent tax on everything over \$1 million in 2011 – several heirs end up selling off portions of land and/or cattle they have to pay the death tax.
- NCBA is working on an exemption to change those levels to \$5 million per person or \$10 million per couple and taxing assets above that at 35 percent. This proposal was passed last April as part of the budget resolution, but was not finalized. NCBA will continue to push for reform to the current levels to help save some producers their livelihood.



3. Government intrusion in the marketplace

We used to think of marketplace intrusion as the packer ban, livestock contracts, etc.

Now, the Department of Justice and USDA are holding competition workshops—telling producers they just want to know what is going on in the marketplace. The same issues we have always battled in the marketplace are coming up during the workshops. The rules we have in place in the marketplace are there to insure the transparency of enforcement – these issues are coming up in the Competition Workshops.

2. Death Tax

Two things are sure in life – tax and death. And, only in the United States do you get taxed on death. Key points on the death tax include:

- The death tax was repealed in 2001 and is currently at 0.

Business justification is also becoming more and more important. In the beef industry, we have the ability for a willing seller and a willing buyer to engage in a deal when the seller will be paid for the value of their animal. There is an effort to try to eliminate this and to pay everyone the same price regardless of quality. Programs based on quality and/or consumer demands will be eliminated if this is put through.

In the past, the government role has been to enforce rules on the books and not to indicate how producers can or cannot sell their market animals. There is a potential for this role to change with the Competitive Workshops.

4. Food Safety & Antibiotics

There is a food safety bill in the Senate because as long as we wake up every day, there is some kind of story, somewhere, about a foodborne illness outbreak. As long as that is the case, we need to make sure we are working to fix that and focus on food safety. It is important and it is a priority to this administration. Our goal as an industry is to make sure food safety is truly food safety and not democratic red tape that the industry must jump through, slowing the industry. The NCBA is also working to make sure we keep the government (in particular FDA) off the farm since they do not have the jurisdiction or the expertise to tell us how to raise cattle, nor is it a wise investment. The government has to understand that there are too many places between production and consumption that food safety can be impacted. The FDA portion of the bill was pulled out of the House version and is currently out of the Senate version. We should end up with a food safety bill and not a red tape bill the way it currently looks.

In the beef industry, we use proven tools to keep animals healthy and we know that drugs used in livestock are put through a more stringent process than human drugs before approval. A New York congresswoman who is a microbiologist by trade has the perception that we are abusing and over using antibiotics. The perception in DC is we overuse antibiotics; NCBA is trying to manage that perception.

In Denmark, certain classes of antibiotics and growth promotants have been outlawed. The result was the pork industry losing 80 percent of producers because the new management approach didn't work and didn't keep them in business. At the same time, the drug resistance for *Salmonella* increased as did the therapeutic use to make sick animals healthy. The net result was a failed attempt to address the issue of antibiotic resistance, putting producers out of business and causing increased antibiotic use. The beef industry needs to learn from

these situations and be proactive, with other livestock industries and animal health professionals, to educate people on why we use these tools rather than letting people just have their perception on why we use these tools.

5. Other legislative issues

- a. **Mandatory Animal Identification** – USDA has had “outrageous” listening sessions; they understand the sensitivity to the issue and are under a lot of pressure. Currently, Congress has reduced funding for mandatory identification with this logic – you don't want to do, we want it done and you won't get the money until you do it. Right now the issue is in a free fall on what the 'right' thing to do is. This is still an outstanding issue and will be for some time; a resolution could come, but not soon.
- b. **Agriculture Credit** – The goal is to protect agricultural credit from being roped into banking reform. Ag credit has been the solid area in banking in the past year and is still providing credit through the Farm Credit system. So far, NCBA has been successful in helping make sure they stay out of the issues involved with banking reform, preserving their ability of oversight and operation as it has worked in the past.
- c. **Horse Slaughter** – There is not a federal ban on the slaughter of horses; there are still bans in Illinois, and Texas. As a result, a lot of horses are going south of the border for slaughter, horses are being abandoned and the Humane Society of the United States (HSUS) is all about animal welfare. If animal welfare was the true issue, we wouldn't see them starving on federal lands.
- d. **Immigration** – Will be talked about a lot, but not much will happen because no one knows what is best. Especially in an election year, no action will take place anytime soon.
- e. **COOL** – Is the gift that keeps on giving. The only thing we can do is change it legislatively. This will not happen until we know what it is doing

at the consumer level, producer level, and packer level of the industry. USDA was going to work on answering that question, but money was rescinded, so it hasn't been done. Canada and Mexico have taken it to the WTO for clarification thinking that the legislation is WTO illegal. This will be in a holding pattern until we have more data.

While all these issues are going on, it still goes back to people. Public enemy #1 is Wayne Pacelle, the head of HSUS, which is not your local dog and cat shelter. The mission is spent on coming after agriculture. Pacelle comes across as very mainstream; however, he is a vegan

Our goal is the abolition of all animal agriculture.

**-Humane Society of the United States coordinator
John Goodwin**

and is one of the 5 percent that Jeff Simmons identified as making their viewpoint policy. The HSUS pushed for the federal ban on horse slaughter and has been the

backer of the bans on gestation crates and laying cages. Their first push was in Florida to outlaw gestation crates and laying cages – with neither being big industries in Florida, they won. The next was Arizona – again, not big industries and won. The next was California Proposition 2 – the overall electorate went to the polls and voted for the ban in Prop 2 and voted against gay marriage. Next was Ohio – Ohio is ahead of the game because they passed, as an agricultural industry, a welfare standard board. HSUS is already taking the approach that this board was created to cover their inappropriate ways and this battle in Ohio will serve as the determinant for the rest of the country – will they win or lose is still to be determined. HSUS is taking every approach they can via EPA, food safety, etc; for example, asking EPA to regulate CAFOs under greenhouse gas regulations.

Public enemy #2 is PETA – People for the Ethical Treatment of Animals. While their actions in some instances (such as a naked person covering their body in fake blood and wrapping up in cellophane to look like a piece of meat) are

It would be better if human beings would stop killing, eating, enslaving, and exploiting animals and I'm personally committed to that very philosophy.

**-Whole Foods Market CEO
John Mackey**

intense, they also continue to be viewed as more and more mainstream. The more mainstream they are viewed, the more mainstream HSUS is viewed.

The real issue is the amount of money each of these groups has to operate. The operating assets for HSUS is \$220 million/year, compared to \$30 million/year for PETA and \$405,000 for NCBA. The government affairs program at NCBA has a program budget to work on issues in DC. The HSUS has funding and grass roots approval – showing dogs and cats and getting people to send in \$10-20 or handing out t-shirts to people helping out with Hurricane Katrina to make it appear they are helping dogs and cats and getting the same money.

What will drive 2010? First and foremost is healthcare. Until healthcare is done, Congress will do nothing else. This will allow them to get bottled up on other things, allowing us time to educate and get grass roots involved to educate on other issues. Secondly, the priorities of this administration and resulting actions. Farmer's markets, green agriculture, and the EPA will all get on the world stage. Third driver is activists. No matter where HSUS is, they are always present everywhere, raising money and gaining support. Lastly, and one of the biggest impacts, will be mid-term elections. These elections will be a marker on what the public thinks of the Democratic party and how they are doing. All victories for those currently holding seats were by very small margins – democrats won traditional republican seats because of the number of democrats out to vote for the president. This alone will force action on health care and food safety. The rest will be rhetoric between parties until elections and some announcements of senate retirements are complete.

What can we do? A voice needs to be heard and that is why NCBA is in DC working with Congress – whether they are friendly or not. Be a member and make sure you are involved in talking to your representatives. Until everyone talks, we won't be heard. We say everyone

Our long-term goal is to rid the world of animal agriculture and convert everyone to a plant-based diet.

**-PETA outreach director
Bruce Friedrich**

because the day before the horse slaughter ban went to vote, NCBA went to visit one staffer and they had 2 plus reams of paper supporting the ban and one letter from NCBA voting against it. Voices win out. Be engaged and help NCBA keep the bad from happening and help keep a lot of things in check in 2010.

GLOBAL OUTLOOK

Wesley Batista, JBS

The JBS Company was founded 57 years ago and started at the ground level of running farms, cow-calf units and feedlots. Today, JBS has global expertise and has acquired companies in many different countries. Wesley Batista and his brother are responsible for running JBS in the United States and Australia. The JBS company continues to grow and they are able to grow because of really good people on the team. People are the biggest asset to the JBS team and the entire team runs the company together. Entering the United States in 2007, JBS acquired Swift and Company in July 2007. Batista has been working with JBS inside the company here to improve business and move in a good direction,



All business parts of the beef industry have the opportunity to improve. JBS indicates that while we have been through challenging times, there are huge opportunities to work together to improve the beef business and beef demand. The JBS team believes that, in the end, it is all about consumption. As such, JBS is willing to work as part of the industry team to improve the beef business by stimulating demand. For example, there are 300 million people in the United States. If the beef industry could increase consumption by 2 pounds per person, we would have demand for an additional 600 million pounds of beef in the United States. The JBS team is not sure if we can do a better job or not, but believes that there is at least some opportunity.

One key area for opportunity lies with exports. In 2010, the U.S. will export 10 percent more product than we did in 2008. The JBS team is dedicated to working hard to increase export sales outside of the U.S. borders for the whole industry, because we will all win if it happens.

Another key area is to think of the beef business as a disassembly business. The key is being able to sell the right cuts to the right market/country/region and to sell it at the right prices. For example, we know that we can sell a short rib better and at a higher value in Korea than we can in other markets. Figuring out which cut to which market and at what price is also a win-win for the whole industry.

As we think about those two areas, it is easy for us to identify a challenge of market access in meeting the goals of those two key areas. Batista warns the industry to be careful. He agrees that market restrictions can – in some way – be improved. But at the same time, he indicated that if we push too hard, we may reduce access. He encouraged the industry to work with government to assure that we expand export market access. Japan was identified as a key market for the United States if we could simply change the 21-month specification to a 30-month specification.

Finally, when JBS looks at total global production, you will see a decline in total output. The total U.S. herd size has decreased, but total production has remained stable. Some markets are growing including China, Brazil and Russia. The industry is watching global demand to see if a substantial benefit will be the result of growth in these markets.

The JBS team believes there are two opportunities as an industry today: domestic demand and market access. If both situations can be improved, improvement will be seen in the whole beef business. Lastly, Batista warned the industry by saying, “if producers and packers complain about each other, we won’t go anywhere.”

If producers and packers complain about each other, we won't go anywhere.
—Wesley Batista

ENVISIONING 2020: Preparing for Future Global Demand

2010 ISEF STUDENT TRAVEL FELLOWSHIP PROGRAM

Twelve students representing 12 universities from four countries, including Australia, Canada, South Africa and the United States, are recipients of the highly coveted International Stockmen's Educational Foundation Travel Fellowship to the 2010 International Livestock Congress.

A multi-national committee selected the recipients. Scholastic achievement, leadership experiences and letters of recommendation are all part of the stringent qualifying requirements. This setting provides the students with the opportunity to interact with world industry leaders and contribute to the solutions that will shape the advancement of the livestock industry. Fellowships include airfare, ground transportation, hotel and scheduled meals during the International Livestock Congress.

Following their experiences, students are required to write a professional paper of not more than 12 pages to be submitted to the ISEF Board and to their respective school's department heads.

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2010 ISEF STUDENT TRAVEL FELLOWSHIP RECIPIENTS



Daniel Abreu

Daniel Abreu is an Agronomist and a student of the prominent Universidade Federal de Vicosa, where he is pursuing his masters in Animal Science focusing in Ruminant Nutrition and Development Agriculture and Sustainable Livestock. In 2004, he was an exchange student at the University of Minnesota, where he concluded part of his education. After returning home, he participated in an important study in a state within Brazil that has the lead position in beef cattle production. The study became a book on the Beef Production Chain in that state. Last but not least is the “Strategies for Sustainable Production in Livestock” – Book Chapter. Currently, he dedicates his time to Animal Production Science which involves field experiments, statistics and laboratory analyses, presenting in seminars, symposiums and meetings, and is a part of the group that develops projects that support the government organization MAPA. *Agriculture represents the base of survival of society, and our job is to produce healthy protein through red meat to feed the world by transforming life into food. The system must be sustainable and safe to satisfy the necessity of today’s generation without compromising future generations. We must adapt to new changes and create a better position for beef production in the future global commerce.*



Joel Anderson

Joel Anderson grew up on small grain and cattle operation in southern Ohio. He was actively involved in 4-H and FFA and showed steers at the county fair. His family owns twenty crossbred cows and feeds out a handful of calves for freezer beef each year. Anderson recently graduated from The Ohio State University where he majored in Animal Science. He was a member of Saddle & Sirloin Club where he served as a co-chair of the Scarlet and Gray Midwest Showdown. Anderson was also a member of the 2007 Livestock Judging Team and served as an assistant coach for the 2008 and 2009 teams. Anderson has also interned with Ned and Jan Ward Polled Herefords in Sheridan, Wyoming and Select Sires Inc, in the beef department in Plain City, Ohio. Anderson is currently a freshman in the College of Veterinary Medicine at The Ohio State University, and continues to focus on the livestock industry and looks forward to doing so throughout his career. *Agriculture provides the nourishment of society.*



Jennilee Bernier

Jennilee Bernier grew up on a large cow-calf operation in Fisher Branch, Manitoba and graduated from the University of Manitoba in 2008 with a B.Sc. in Agriculture and major in Animal Science. She is currently pursuing a M.Sc. degree at the University of Manitoba where she is researching the environmental sustainability and nutrient utilization of overwintering beef cows fed a forage-based diet supplemented with dried distillers’ grain with solubles. She is the winner of numerous awards and scholarships, including the National Sciences and Engineering Research Council of Canada Undergraduate Research Award, University of Manitoba Gold Medal for highest academic standing in the Faculty of Agriculture and the Province of Manitoba Graduate Scholarship in 2008, as well as the Alexander Graham Bell Canada Graduate Scholarship in 2009. Bernier was also a 2008 International Livestock Congress

- Canada student winner. She currently manages her own herd of purebred Simmental cattle and is active in several industry associations across Canada. *Growing up on a cow-calf operation in rural Manitoba has ingrained livestock agriculture into my life, making it an undoubted passion of mine. Issues facing the livestock industry are of significant importance to me and I am interested in contributing to developing solutions to industry challenges. I believe Eisenhower was correct to say 'Farming looks mighty easy when your plow is a pencil, and you're a thousand miles from the corn field' – 1956.*



Cheyenne Dixon

Cheyenne Dixon grew up in Des Moines, New Mexico where her family owns and operates a small, custom meat processing plant. Growing up, her family maintained a small club-calf herd and showed steers, hogs, and lambs. While attending Colorado State University for in pursuit of her B.S. degree in Animal Science, Dixon participated on the 2007 National Champion Intercollegiate Meat Judging Team at CSU. Dixon also loves to educate young people about our industry and has coached the Larimer County 4-H Meat Judging Team for the past three years. She is currently pursuing her Master of Science degree in Meat Science at CSU. Since starting graduate school, Dixon has received the opportunity to work on an international pork audit project that has taken her to Mexico, Japan, and China. Upon graduation, Dixon plans to pursue a career within an industry association or company to promote and market livestock commodities, such as a branded beef or international trade organization. *Being involved in both the meat and livestock industries has opened countless doors for this small town kid. Now, I am ready to return the favor and start working towards solutions to make American agriculture more sustainable, profitable, and productive.*



Carrie Fischer

Carrie Fischer grew up in the Annapolis Valley of Nova Scotia before moving to Victoria, British Columbia to pursue a Bachelor of Science degree in Biochemistry. Completing her BSc with a particular interest in veterinary science, she began her PhD focusing in veterinary research at the University of Calgary in Alberta. She is currently working with a model of bovine respiratory disease to investigate mechanisms through which certain antibiotics deliver anti-inflammatory benefits. Indeed, exaggerated immune responses during infection have significant detrimental effects to the beef industry by reducing feed intake, reproduction, and metabolic health. Working closely with veterinarians and researchers at U of C, she became very interested in medicine and improving cattle health and thus aspires to be a veterinarian specializing in large animal care. Fischer has been recognized for her scholastic and research achievements with several awards, including two National Science and Engineering Research Council scholarships that have fully funded her current degree. *Living in cattle country, I understand the importance of the animal agriculture industry. This experience will be both educational and practical for building a career in large animal health that can positively impact the local and global agriculture communities.*



Melissa Green

Pursuing a career in agriculture is a natural extension of Melissa Green's background, passion and interests. Green was born and raised on the family ranch in a small farming community in California. Her family raises cattle and breed sheep to produce club lambs for local fairs. Green has been actively involved in the everyday operations of the ranch since she was old enough to see over the steering wheel. Green finds all aspects of animal life interesting, which is why she attended California State University, Chico to receive her Bachelor of Science degree in Animal Science. During her undergraduate education, Green was fortunate enough to have had the opportunity to serve as a National Beef Ambassador. It was during this year that she discovered her passion for educating the public about the beef industry. In order to obtain a full understanding of the field to plate process, Green is currently pursuing a Master of Science degree at Colorado State University in Animal Science with an emphasis in Meat Science. In the future, she hopes to combine her passion for animal science with the deep desire to support producers while educating an often misinformed public. *A vital part of informing the public about the benefits of agriculture is to be informed yourself.*



Jeff Jaderborg

Jeff Jaderborg grew up in Spooner Wisconsin. In 1994, he started in the livestock industry by developing his own business, a Purebred Cow/Calf Charlais and Red Angus Operation. Currently, he attends the University of Minnesota pursuing a masters degree in Cow/Calf and Feedlot Ruminant Nutrition. Jaderborg obtained an undergraduate degree in Animal Science and was a member of Alpha Gamma Rho Fraternity. He has spent multiple summers interning with Trans Ova Genetics, University of Minnesota-Diagnostic Laboratories, University of Minnesota-Reproductive Biotechnology Center and University of Wisconsin-Spooner Research Station. Over the last year, Jaderborg has conducted numerous research projects involving dry matter intake and waste in beef cows, TMR supplement comparison, and feedlot *E. Coli* O157:H7 research. As an extra activity, he was a Co-Coordinator of the 2009 Alimental-Teknal Nebraska Feedlot Tour where the group hosted 31 nutrition consultants and feedlot owners from Argentina and Uruguay. *The continued success within the industry is up to us as youth to educate one another, including those within and outside the industry, as to the benefits our industry brings to communities. I believe it is important for us to stay up to date with the issues that we are facing now and in the near future as in industry.*



Theresa Jeske

Theresa Jeske is currently pursuing a master's degree at North Dakota State University with Kasey Maddock Carlin. Jeske grew up on a Maine-Anjou cattle operation in Sheboygan Falls, Wisconsin and was active in local 4-H and livestock programs across the state. She attended the University of Wisconsin- River Falls, where she received a bachelor's degree in Animal Science with a meat animal emphasis. As an undergraduate student, she spoke at several livestock clinics for 4-H youth beef exhibitors, was on the livestock judging and Midwest ASAS academic quadrathlon team, as well as being active in both the Block and Bridle Club and Delta Theta Sigma Little Sisters. At North Dakota State University, Jeske has been studying animal health effects and the addition of by-product feeds in finishing diets on carcass quality. She was a member of the Barbeque Bootcamp team which received the North Dakota

Extension Program of Excellence Award for 2009. This grassroots program allowed interaction with the public allowing team members to educate them about livestock production. *I truly believe that youth are the future of agriculture and that we need to continue to educate them, whether they are agricultural based or not, about livestock production.*



Lance Leachman

Lance Leachman grew up near Maidstone, Saskatchewan, Canada. His family owns and operates Big Gully Farm which produces seedstock Hereford cattle along with alfalfa, wheat, canola and oats. Leachman is near completion of a Master of Science degree in Animal Breeding and Genetics from Virginia Tech University, focusing on beef cattle quantitative genetics. He serves as coach of the Livestock Judging Team and a teaching assistant within the Department of Animal and Poultry Sciences. During the 2009 Beef Improvement Federation Annual Meeting, he was awarded the Frank H. Baker Memorial Scholarship. Leachman previously graduated summa cum laude with a Bachelor of Science degree in Animal Sciences & Industry from Kansas State University. At KSU, he was a member of the 2006 Reserve National Champion Livestock Judging and 2006 All-American teams. Leachman is a member of the Canadian and American Hereford Associations. Growing up, he was active in 4-H and the Canadian Junior Hereford Association. *Educating youth, whether or not they grew up with livestock, about the fulfillment, opportunities and careers available in animal agriculture is critical to society's long-term appreciation of its pivotal role in everyone's standard of living.*



Stephen Lee

Stephen Lee of Adelaide, South Australia is pursuing a PhD funded by the Australian Cooperative Research Centre for Beef Genetic Technologies and The University of Adelaide. He is based at the Roseworthy Agricultural Campus where his research focuses on improving maternal efficiency in pasture-based production systems. Lee completed a Bachelor of Agricultural Science with First Class Honours in Animal Science in 2005 where he assessed the relationship between gene markers and feed efficiency for cattle. After graduating as Dux of Animal Science, Lee worked in a technical role providing advice to livestock breeders throughout Australia and New Zealand. In addition to his current studies, he has recently completed the Woolworths Agricultural Business Scholarship focusing on agricultural supply chains and business logistics of large-scale, fresh produce retail. He has been a member of the Rural Industries Youth Advisory Group to the Australian Minister for Agriculture and was Chairperson of the South Australian Ministers Youth Council. Lee retains a direct interest in the cattle industry having established his own Murray Grey cattle stud in 2002. *To overcome today's challenges and harness tomorrow's opportunities, all stakeholders need to work together to ensure the most efficient production of high quality beef.*



Darlington Sabasi

Darlington Sabasi is from Marondera, a small town in Zimbabwe, Africa. Currently pursuing a dual masters degree in Agriculture Economics and Environment and Natural Resources at the University of Wyoming, Sabasi did his undergraduate work in Zimbabwe majoring in agribusiness. While an undergraduate, Sabasi was class president and president of Model United Nations, among several extracurricular activities and positions. He is a published poet and author. In 2007, Sabasi received the Kalamazoo University Partner Fellowship and spent a year at Kalamazoo College in Michigan. Sabasi graduated in June 2009 with honors, several awards and was selected for the inaugural Geneva Model United Nations. Furthermore, Sabasi received a full graduate assistantship from the University of Wyoming. He envisions being a beef producer and packer and, building towards that, he is researching captive supply and its impact on alternative marketing arrangements as well as spot market price. *Through planning, implementation, and perseverance, offering service in the agriculture sector is my number one goal, because when agriculture stumbles, the economy crumbles and humanity suffers.*



Rebecca Tokach

Hailing from St. Anthony, North Dakota, Rebecca Tokach is currently pursuing her Master's at Texas Tech University in Meat Science and Muscle Biology. Tokach graduated summa cum laude from Kansas State University with a bachelor's degree in Animal Sciences and Industry. During her undergraduate career, she interned with Cargill Meat Solutions, Certified Angus Beef, and the National Cattleman's Beef Association. In addition, she served on the National Junior Angus Association Board of Directors, participated on collegiate meat judging and quadrathlon teams, studied abroad in Costa Rica, Argentina, and Chile, as well as, being an active member in agricultural organizations on campus. For her involvement, she was recognized as the 2008 College of Agriculture Student of the Year and has received numerous scholarships. *Growing up on a purebred Angus ranch with a family active in the beef industry, I have been fortunate to be exposed to the agricultural industry on a daily basis. My experiences have allowed me to learn that the only way to continue to make an impact on our industry is by expanding our knowledge of not only the agriculture industry in the U.S., but also globally.*

2010 DAN KISSLER STUDENT TRAVEL FELLOWSHIP RECIPIENT

Sponsored by the International AgriBusiness Center Committee of the National Western Stock Show

The National Western International AgriBusiness Center Committee, in conjunction with the International Stockmen's Educational Foundation established the Dan Kissler Student Travel Fellowship in 2008.

The scholarship was established to honor Dan Kissler and his impact on Colorado's agriculture industry. Kissler was a member of the National Western International AgriBusiness Center Committee for more than 20 years.

Throughout his life and career, Kissler recognized and focused on the need to support youth in agriculture. Kissler was an early pioneer on the eastern plains of Colorado, starting with dry-land wheat farming, progressing to an irrigated farm program of Coors barley, corn and hay, and establishing a commercial Angus cow-calf program winning numerous Grand Championships at the National Western Stock Show in the late 1960s. Always a forward thinker, Kissler also recognized the future of the globalization of agriculture.



Kimberly Rossi

Kimberly Rossi is from Northwestern Colorado, where her family owns and operates R&R Land and Livestock, a commercial Hereford/Angus cattle ranch. She is attending Colorado State University and is pursuing a dual major in Animal Science and Agricultural Business. The FFA and 4-H programs have been an important part of Rossi's life. She is also involved in the Collegiate Cattlewomen's Association and the Block and Bridle program at Colorado State University. Rossi plans to return to the family ranch to continue developing the family business. "I have learned to be appreciative of the morals and passions for agriculture that have become a part of my daily life."

YOUNG RANCHERS PROGRAM

The purpose of this program is to bring young ranchers and students involved in the beef cattle industry from various countries to share their experiences, concerns and visions with each other. They will also learn about the beef world market, technologies and policies that are important for the future development of the industry.

Another goal of this program is to build a network of potential future leaders in various countries who will be able to communicate and work together for the betterment of beef production and supply in the world.

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INTERNATIONAL STOCKMEN'S EDUCATIONAL FOUNDATION



The International Stockmen's Educational Foundation (ISEF) was created in 1986 with the purpose to conduct and support educational events that will benefit stockmen internationally; and to foster and support other programs of education that will contribute toward broader and more effective science and technology in the practice of animal agriculture—for the benefit of stockmen worldwide.

An annual highlight of The Foundation is the sponsorship of the International Livestock Congress currently held in Denver, Colorado. The ILC-USA provides the international platform for past, current and future thought leaders to openly share and discuss their perspectives on the critical issues impacting the beef industry.

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The National Western International AgriBusiness Center was established in 1981 to facilitate the expansion of the international visitors and international business opportunities during the National Western Stock Show. Members of the National Western International AgriBusiness Center Committee volunteer their time; expertise and interest in the international livestock marketplace to support the various activities planned each year in particular the International Livestock Congress-USA.

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