Letter from the Editor

Date: June 25, 2015

Since our last issue, the beef community was shaken by the loss of a tremendous leader. Richard Gebhart passed away on May 30 after a hard fought battle. For those unfamiliar with Richard, though I expect that’s not likely, he was an Oklahoma cattle producer, an active volunteer leader at both the local and national level, a college professor – and of course, a husband, father and friend to many. The summer 2015 issue is dedicated to him.

by Nikki Richardson, Director, Reputation Management, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

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Richard served on the Beef Issues Quarterly Trends Advisory Panel, among many other roles in the beef industry. He was a constant encouragement and passionate believer in the purpose of this publication. Richard never attended a meeting unprepared and always contributed thoughtful, insightful ideas. For those that knew him well, you won’t be surprised that he also challenged and questioned concepts, always pushing us to be better. I’m extremely grateful to have had the opportunity to work with and learn from Richard.

The Beef Issues Quarterly Trends Advisory Panel will continue providing leadership and foresight about the content and direction of this publication, but there will be a missing piece. We’ll work to honor his legacy by serving the beef community day in and day out because that’s what he would want each of us to do.

As always, please contact us any time to let us know what you think about BIQ and to share your ideas about specific topics you would like to see addressed.

*NCBA is a contractor to the Beef Checkoff

Tags: Beef Issues Quarterly, Letter from the Editor, Summer 2015
Domestic Protein Supplies Building

Date: June 22, 2015

Due to a variety of reasons including drought, viruses, high grain prices and lack of profitability, protein supplies in the United States have been limited over the past two to three years.

by Duane Lenz, CattleFax

Summary

Due to a variety of reasons including drought, viruses, high grain prices and lack of profitability, protein supplies in the United States have been limited over the past two to three years. Starting in the second half of 2015 this scenario will shift. For the first time in several years, a year-over-year increase in protein and per capita supplies will be noted. Undoubtedly the increases will affect prices and demand over time. It may be difficult to push current record high values for beef higher or even maintain them from this point forward.

Background

This article will take a look at the forecasted increases by species and what the result for prices may be. For this article we will assume there will be a modestly strengthening economy over the next year as well as growing exports. A recession would serve to slow demand more than currently forecast.

Discussion

Beef:
Beef production in the first half of 2015 has been lower than a year ago and at year’s end is projected to be the smallest level noted in more than 20 years. This is due to a severe drought over the past three years that has reduced total cattle supplies. This has also resulted in historically high cattle and beef prices. Looking ahead to the second half of 2015, cattle numbers will be near year-ago levels, but due to much larger carcass weights, beef production is forecasted to be above a year ago for the July through December timeframe. For the year, beef production could be at 24 billion pounds as compared to 24.3 billion pounds in 2014. As much as a billion pound increase may occur in 2016 as more cattle become available to the market and carcass weights stay large. The result is likely decreasing prices for beef that will begin to effect prices in the fourth quarter of 2015 and in 2016. A stronger than expected export market, if that were to occur, would help as would slowing imports moving forward.

Pork:
Pork production for 2015 is pegged to be at 24.3 billion pounds or 6 percent above a year ago. In 2014, the industry was ravaged by the PED virus that killed several million baby pigs and resulted in small pork production. The industry responded by making carcass weights historically large and that increase has carried over into, and most likely through, 2015 and into 2016. With the worst of the disease behind us, this year the larger carcass weights are combining with the larger total hog numbers to produce a lot of pork. The resulting decrease in hog prices has been dramatic. During the spring of 2014, the pork cut-out reached $130/cwt, this year they are at $65/cwt or nearly half of what they were a year ago. Although the industry has been profitable, helping to drive the supply increase, profits are fading and could possibly negatively affect production in 2016. Cheaper corn prices are giving producers some wiggle room though and so carcass weights are likely to stay high, limiting any production decreases in 2016. Still, prices are expected to remain well below 2014 levels for the foreseeable future, and pork prices will be stiff competition for both beef and poultry as all compete for the consumer’s dollar.

Poultry:
A lot is going on in the U.S. poultry industry currently. Avian influenza has affected many states. Most of the damage is being felt in the turkey portion of the industry, and even though several million birds have been eliminated, that accounts only for about 2 percent of the turkey industry. On the chicken side, about 1 percent of birds have died. It is mainly in the laying herd; very few of the barns housing broilers have been affected due to better security in those facilities. The 1 percent loss represents about 10 percent of the laying flocks. On the other hand, countries are banning U.S. product from the counties, regions or states in which the disease has occurred. The result has been a loss so far of 13 percent of our poultry exports. Cheaper grain and high profitability over the past year have had producers ramping up -- poultry production is forecast to be up 5 to 6 percent this year. The combination of higher numbers and weights along with slower exports are hitting prices hard. At the current time, boneless/skinless chicken breasts are 23 percent lower in price as compared to a year ago while chicken quarters are down 43 percent. The lower prices could result in smaller production going into 2016, but so far there is no indication of a slowdown. With grain prices appearing to be on defensive because of what looks to be a big crop, poultry production may remain near current levels. The loss of the laying flock could reduce egg sets at some point, and for now eggs in the grocery stores may be affected more than chicken production.

**Conclusions**

The protein industry in the United States is undergoing a transformation from smaller year over year production to a sizable increase. Over the next year, protein production in the U.S. may increase by three billion pounds from 2014 levels when beef, pork and poultry are combined. Even though exports are forecast to remain stout and imports on the beef side are likely to slow, per capita meat consumption could grow by more than 10 pounds as compared to 2014. No doubt prices will be negatively affected. Beef may have the most to lose given the lower levels that pork and poultry are already trading for. As this occurs, it stands to reason the lower prices will be rolled back first to the feedlot level and then to stockers and cow/calf producers. Again, as stated earlier, the economy both domestically and abroad will play a role in prices going forward, but beef may face strong headwinds fighting for the consumers dollar during the next couple of years.

**Additional Resources**

- [CattleFax website](http://www.cattlefax.com)
Domestic Protein Supplies Building

Date: June 22, 2015

Due to a variety of reasons including drought, viruses, high grain prices and lack of profitability, protein supplies in the United States have been limited over the past two to three years.

Beef production in the first half of 2015 has been lower than a year ago and at year end is projected to be the smallest level noted in more than 20 years. This is due to a severe drought over the past three years. Last year saw one of the driest years on record and much of the United States is seeing above average temperatures this year. With that in mind, the margins producers are operating under are tight.

Due to a variety of reasons including drought, viruses, high grain prices and lack of profitability, protein supplies in the United States have been limited over the past two to three years.

Beef production for 2015 is pegged to be at 24 billion pounds or 6 percent above a year ago. In 2014, production was forecast to remain stout and imports on the beef side are likely to slow, per capita meat consumption reached $130/cwt, this year they are at $65/cwt or nearly half of what they were a year ago. Although the pork. The resulting decrease in hog prices has been dramatic. During the spring of 2014, the pork cutout average was $180/cwt if at $130/cwt, this year they are at $65/cwt or nearly half of what they were a year ago.

Pork production for 2015 is pegged to be at 24.3 billion pounds or 6 percent above a year ago. In 2014, production was pegged to be at 21.7 billion pounds. Pork production has been the largest of the three proteins and is expected to remain the largest for the foreseeable future. The reason for this is the squeeze on cattle numbers. The largest production year on record was 1998 at 24.8 billion pounds. Since then production has been below that and is expected to remain that way for the foreseeable future.

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Beef: An expected carryover into 2015 and 2016 of 250 million pounds of carcass weight also helps in the lower beef production numbers. Both cattle and calves are lower in numbers with the drought being a key factor in the low numbers. Feed costs are also a factor as a lack of forage is leading to higher feed costs.

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Through the summer of 2015, cattle numbers have been at their lowest level seen in the last 20 years. The drought has taken its toll on cattle numbers with cattle numbers expected to be below 90 million for the first time in a long time. This has helped in the lower production for the year. Carcass weights have increased for the last few years and is expected to continue into 2016. If this occurs, it stands to reason the lower prices will be rolled back first to the feedlot level and then to the market.

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Beef Demand: Spring 2015 Optimism in the Consumer Beef Index

Date: June 21, 2015

For several years of tracking, consumers have noted a drop in the average number of times beef is eaten in a week. The March 2015 Consumer Beef Index noted an uptick in this measure.

by John Lundeen, Senior Executive Director, Market Research, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary

For several years of tracking, consumers have noted a drop in the average number of times beef is eaten in a week. The March 2015 Consumer Beef Index noted an uptick in this measure. Although reductions in domestic supply are keeping a ceiling on the amount of beef consumed, any indication by consumers that beef hits their plate more often is a very positive change. On another measure, comparing the percentage of consumers who plan to eat more beef versus less beef, the "more" beef consumers won out -- 18 percent to 15 percent. It all speaks to optimism in beef consumption moving forward.

Background

The checkoff-funded Consumer Beef Index (CBI) is a semi-annual online survey begun in 2007 that is designed to identify and track key consumer perceptions of beef and to spotlight key consumption trends. One thousand and fifty respondents completed the March 2015 online study. The sample is national in scope and is tested for balance with national demographic data, including gender, ethnicity, region of the country and age (ages 13 to 65 were included in the sample). A very small minority of consumers with absolutely no food decision making authority, either at-home or in restaurants, are excluded.

Discussion

This write-up will document several positive shifts in perceptions about beef and reported usage of beef -- percentage of consumers eating beef weekly, average number of meals per week, percent of consumers eating beef 3+ times a week. It will also note how strong some of these measurements are for millennials and millennial parents, key target audiences moving forward.

Reported use of beef, and frequency of consumption data, look very promising. Ninety-one percent of consumers note eating beef monthly. Thirty-five percent note eating beef three or more times a week (Figure 1), a percentage of heavy users not seen since 2012. Thirty-six percent of millennials and 38 percent of millennial parents are in the three or more beef meals per week camp. Although not statistically significant yet, the average number of beef meals reported eaten per week ticked up slightly. This is notable after several years of supply driven declines in the total beef available to consumers, and the margin pressures encountered by retailers and restaurant operators in recent years.
A rule of thumb for beef meals eaten is 1/3, 1/3, 1/3, with burgers, ground beef as an ingredient and whole muscle cuts making up the categories. When combined, the importance of ground beef to beef usage is very clear. Note that the data noted concerns meals, not pounds consumed. The exact percentages are as shown in the pie chart (Figure 2):

So, what appears to bring some consumers back to beef, and make others shy away from beef? Among the 18 percent saying they plan to eat more beef, a love for the taste of beef is the number one reason given (Figure 3).

Nutritional reasons are the four top responses given by the 15 percent who say they plan to eat less beef (Figure 4). Note that beef pricing is the fifth most common reason given by just over half of the 15 percent who say they are eating less. Concern about “factory farming” is the eighth most common reason for planning to eat less beef.
Overall, attitudes about beef are strongly similar across generations (Figure 5). Across all groups tracked, those noting the positives of beef strongly or somewhat outweigh the negatives hovers between 75 percent and 82 percent. Note also that the overall percentage of consumers with a positive attitude about beef is at a four-year high.

Twenty-six percent of consumers noted a “specific problem or concern” with beef they had heard or read about recently. Seventy-four percent consequently had not heard or read about a specific problem or concern recently, the highest percent noted since the Consumer Beef Index was initiated in 2007 (Figure 6). The industry must stay vigilant, however, in keeping beef out of the news. Millennial parents were more likely to have heard about an issue with beef, with 41 percent noting some negative type of news about using beef in their homes.

Millennial parents are honestly interested in knowing more about beef selection and preparation, and this generation consistently outscored the average in their desire for more knowledge about beef (Figure 7).
Conclusions

Despite reduced supply of beef and high market prices, the underlying interest in beef is solid. The percentage of consumers noting that the positives of beef outweigh the negatives, number of weekly meals made with beef, the ongoing power of beef taste, less awareness of negative beef news, and the desire among millennial parents to know more about beef selection and preparation puts the industry on solid ground moving forward.

Additional Resources

- Consumer Beef Index: March 2015
Farmers and Ranchers Must Raise Their Voices Louder Than Ever Before

Date: June 20, 2015

For too long, farmers and ranchers have been missing from the conversation about food and how it is grown and raised.

by Randy Krotz, CEO, U.S. Farmers & Ranchers Alliance

Summary

For too long, farmers and ranchers have been missing from the conversation about food and how it is grown and raised. The U.S. Farmers & Ranchers Alliance (USFRA) was founded in part to raise the profile of farmers and ranchers, and inspire them to lead the discussion by answering consumers’ toughest questions about agricultural practices.

As an organization, USFRA has conducted a variety of research since 2011 to better understand the consumer mindset when it comes to food and agriculture. The earliest USFRA messaging research demonstrated that consumers love farmers and ranchers, but not farming and ranching. This research also found that the go-to messages outlining how we raise our food to be “safe, affordable and abundant,” fell flat. Farmers and ranchers should address consumers’ new concerns – the impact the food they eat may have on their long-term health and concerns about environmental sustainability.

Yet, while more farmers and ranchers are engaging in real dialogues about food and agriculture, more must, and can, be done. Consumers are demanding more transparency, and are often given this information – not by the people who grow and raise their food – but by special interest groups and organizations that are using fear-mongering that plays to emotional heartstrings and concerns of the average consumer. This perpetuation of myths and misinformation includes attempts at pitting one type of agriculture practice against another, thus impacting the reputation of our industry and ultimately, making consumers’ ability to make informed food choices more difficult than ever before.

Background

Google is considered the world’s largest online library, and as such is likely the first place the average consumer turns to when seeking information about food and any concerns they might have about agriculture production practices. For example, a simple search on “animal antibiotics” nets more than 43 million results, while searches on “farms and pesticides” nets more than 21 million.

Until recently, these results did not always reflect the point of view of agriculture, and more is being done every single day to present perspectives on agriculture issues that are making national news headlines from real farmers and ranchers. Although the agriculture industry as a whole has worked to develop more effective and sustainable practices, we have not spent enough time telling consumers about our efforts.

By not telling our stories, we inadvertently created the white space needed for others, including activists and other special interest groups with anti-agriculture agendas, to share their perspectives on today’s farming and ranching practices. Unfortunately, their depiction is not a true representation of agriculture. The messengers who are capturing the interest and attention of today’s consumer are not farmers and ranchers, but individuals and groups who have agendas and big budgets to create marketing campaigns that use consumers’ fear as the creative insight and myths about farming and ranching as the message.

Discussion

USFRA actively monitors news headlines as well as the online conversations that are capturing the
attention of millions on social media. These activities range from simple Tweets and Facebook posts to YouTube videos and advertising campaigns that are being discussed and shared online. Since the first televised Presidential debate in 1960 to the ALS Association’s Ice Bucket Challenge viral video campaign, video continues to be the single most powerful tool to capture the attention and communicate a story to the masses. USFRA has first-hand experience of the power of visual storytelling – the documentary, FARMLAND, for example, is a powerful way of telling the story of farming and ranching in a visual and compelling format.

Yet, the FARMLAND documentary is only one example of a positive story about American agriculture, versus the thousands of videos created by anti-agriculture groups that are not founded in truth, thus causing further confusion to the consumer. Through our monitoring process, USFRA has identified multiple examples, in the past six months alone, that demonstrate how special interest groups are targeting consumers, including the coveted millennial group of 18 to 34-year-olds, with splashy events and highly-targeted online video campaigns. A few examples:

- **Only Organic’s #NewMacDonald campaign**: March 2015 campaign featured a viral video featuring school children singing a twisted version of “Old McDonald.” The video sparked a heated debate on social media with farmers and ranchers of all types and sizes responding in real-time to correct the campaign’s inaccurate video content.
- **Mercy for Animal’s Farm to Fridge tour**: The 2011 tour visited 40 different U.S. cities and featured lectures and screenings of MFA’s documentary Farm to Fridge at college campuses, festivals and busy downtown locations.
- **Chipotle’s Cultivate event**: The free, multi-city event brings together Chipotle food, micro beers, live music from well-known bands and “interactive experiences focusing on sustainable food practices” in an effort to reach the millennial audience.

**Conclusion**

We live in a world where video is the most powerful tool for communicating a story short of witnessing an event first-hand. Anti-agriculture videos that demonize farming and ranching practices and pit one production practice against another are gaining traction with consumers. The extensive and coordinated anti-agriculture movement reinforces the need for all of the agriculture industry to collaborate and be present in places and participate in activities that at times may seem unexpected, and even uncomfortable.

Last year, USFRA had the opportunity to sponsor a panel discussion at The New York Times “Food for Tomorrow” event. The event featured a number of influential speakers, many of whom do not believe large-scale, production agriculture should exist. However, by not participating in the event, farmers and ranchers would have been notably absent from one of the year’s biggest conversations about food. One particular quote that captured the essence of why USFRA became involved in that event came from Nebraska cattle feeder, Joan Ruskamp, who implored the event’s participants to, “PLEASE let us (farmers and ranchers) be involved in your conversation about our food for tomorrow!”

USFRA will continue to look for new opportunities to involve farmers and ranchers in the conversations about food and food production taking place at events across the country, in popular culture, in media and online. We often describe our work as a movement, and to be successful and combat the misinformation being shared by anti-agriculture groups we must work together to encourage all farmers and ranchers to raise their voices. Both the industry and consumers need this now more than ever before.

**Additional Resources**

- Organic Trade Association
- Only Organic #NewMacDonald
Farmers and Ranchers Must Raise Their Voices Louder Than Ever Before
Date: June 20, 2015
For too long, farmers and ranchers have been missing from the conversation about food and how it is grown and raised.

USFRA will continue to look for new opportunities to involve farmers and ranchers in the conversations about food and food production taking place at events across the country, in popular culture, in media and online. We often describe our work as a movement, and to be successful and combat the misinformation being shared by anti-agriculture agendas, to share their perspectives on today’s consumer are not farmers and ranchers, and inspire them to lead the discussion by answering consumers’ questions about agricultural practices.

Unfortunately, their depiction is not a true representation of agriculture. For too long, farmers and ranchers have been missing from the conversation about food and how it is produced against another are gaining traction with consumers. The extensive and coordinated marketing efforts targeting consumers, including the coveted millennial group of 18 to 34, have increased exponentially in the past six months alone, that demonstrate how special interest groups are causing further confusion to the consumer. Through our monitoring process, USFRA has identified 21 million results, while searches on consumer turns to when seeking information about food and any concerns they might have about farming and ranching practices. Unfortunately, their depiction is not a true representation of agriculture.

Yet, while more farmers and ranchers are engaging in real dialogues about food and agriculture, more must, and can, be done. Consumers are demanding more transparency, and are often given this ability to make informed food choices more difficult than ever before.

For too long, farmers and ranchers should address consumers appropriately. The earliest USFRA messaging research demonstrated that consumers love farmers and ranchers, but not the way they are portrayed in the media. For too long, consumers are turning to when seeking information about food and agriculture practice against another, thus impacting the reputation of our industry and ultimately, making it more difficult for all farmers and ranchers to succeed.

As an organization, USFRA has conducted a variety of research since 2011 to better understand the consumer mindset when it comes to food and agriculture. The earliest USFRA messaging research demonstrated that consumers love farmers and ranchers, but not the way they are portrayed in the media. For too long, consumers are turning to when seeking information about food and agriculture practice against another, thus impacting the reputation of our industry and ultimately, making it more difficult for all farmers and ranchers to succeed.

Fortunately, New York Times Food for Tomorrow event first captured the essence of why USFRA became involved in that event came from a particular quote that captured the essence of why USFRA became involved in that event came from a particular quote that captured the essence of why USFRA became involved in that event came from an interview with the event headliner, Alice Waters. At the time, the nation’s foremost authority on sustainable food, Alice Waters noted the importance of the event and the responsibility that the food community has to share its story with the public.

Yet, the FARMLAND documentary is only one example of a positive story about American agriculture, delivered in the right format.

Orginal Trade Association
Mercy for Animal
Chipotle
Slate

Additional Resources

Right to Know GMO Just Label It
Slate’s coverage of New York Times Food for Tomorrow event

Tags: Beef Issues Quarterly, Research Findings, Summer 2015
Media Reaction to Chipotle’s GMO Announcement May Signal Shift in Coverage of Pseudoscience

Date: June 19, 2015

Chipotle Mexican Grill (NASDAQ:CMG) recently announced plans to discontinue using genetically-modified (GMO) ingredients in their food, with the notable exception of their sodas, which likely contain corn syrup made from GMO corn, and meat from animals that have been fed GMO crops.

by Daren Williams, Senior Executive Director, Communications, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary

Chipotle Mexican Grill (NASDAQ:CMG) recently announced plans to discontinue using genetically-modified (GMO) ingredients in their food, with the notable exception of their sodas, which likely contain corn syrup made from GMO corn, and meat from animals that have been fed GMO crops. The reaction from major media outlets including NPR and the Washington Post was not favorable, accusing the company of joining “a global propaganda campaign” that is “contrary to the best scientific knowledge” in an attempt to “distract consumers from ‘the real problem with Chipotle food, which is that it’s just not healthy.’” Did the Chipotle GMO announcement backfire? Does the mainstream media’s skepticism of their GMO announcement signal a shift in media coverage of marketing tactics that capitalize on the consumers’ lack of scientific knowledge? A review of the media coverage of the Chipotle announcement appears to indicate a lower tolerance for fear-based marketing than in recent years.

Background

In 2001, Chipotle released a mission statement called Food with Integrity outlining their commitment to sourcing locally-raised ingredients (whenever possible) and meat from “pasture-raised animals” raised without “non-therapeutic antibiotics and synthetic hormones,” among other things. Shortly thereafter they trademarked the term “Responsibly Raised” to describe the way their food is produced. This led to a string of advertising campaigns disparaging conventional food production, including two animated videos—Back to the Start and The Scarecrow—which feature cartoon images of livestock raised in “factory farming” conditions contrasted against bucolic scenes with animals frolicking in a fenceless pasture. The ads received rave reviews from the media.

This past year, CEO Steve Ells announced in a blog on the Huffington Post that Chipotle would begin sourcing grass-fed beef from Australia because American farmers and ranchers weren’t producing enough “Responsibly Raised” beef to meet their demand. “We're optimistic that our decision to serve grass-fed beef from Australia is one small step in the larger journey of restoring the practice of raising great American beef entirely on grass,” said Ells. The Beef Checkoff responded by sharing the story of two U.S. beef producers (both from California) who responsibly raise both grass-finished and grain-finished beef. Attempts to meet with CEO Ells to discuss the decision have not been successful.

The decision to purchase grass-finished beef was met with some skepticism, but mostly within agriculture. Texas Ag Commissioner Todd Staples joined frustrated ranchers in expressing concern about the move. However, even some mainstream news sources have questioned whether sourcing beef from halfway around the world is responsible. In fact, the decision was ranked fourth on Buzzfeed’s list of Nine Disappointing Facts about Chipotle.

New coverage of Chipotle’s GMO announcement was considerably less kind. Headlines like “Chipotle’s Non-GMO Push is based on Bad Science” and "Would you like some criticism on your GMO-free Chipotle
burrito?” were common in the days that followed. Even the editorial boards of the Chicago Tribune and USA Today questioned the message Chipotle was sending. “GMO food bans pander to ignorance” was the viewpoint of USA Today editors while the Chicago Tribune pointed out inconsistencies in the announcement, saying, “Chipotle’s GMO Message is Muddled.”

Discussion

The question is whether the mainstream media’s skepticism of Chipotle’s GMO announcement signals a shift in media coverage of marketing tactics that capitalize on consumers’ lack of scientific knowledge. The list of food marketing adjectives like non-GMO, gluten-free, antibiotic-free, natural, fresh and local seems to be growing. While consumers may have little or no idea what these terms actually mean, for the most part, they have worked for the companies that use them to convince consumers to pay more for their product, like $10 burritos at Chipotle.

However, media coverage of GMOs in food has clearly shifted since the Chipotle announcement. Case in point, a recent column by Jane Brody in the New York Times concluded that fear, not facts, support GMO-free food. “The anti-G.M.O. movement, I’m afraid, risks throwing the baby out with the bathwater,” said Brody. “The often-voiced concern that introducing genes from different species is unnatural and potentially dangerous ignores the fact that all living organisms, including humans, share thousands, even millions of genes with other species (we share 84 percent of our genes with dogs!). As for safety, G.M.O.’s are regulated by the Food and Drug Administration and the Environmental Protection Agency. Developers must test the product for toxicity and allergenicity as well as assure that its nutrient content is at least as good as its non-G.M.O. counterpart.”

Coinciding with the recent backlash against the Chipotle GMO announcement, mainstream media sentiment toward self-professed food police like Vani Hari (aka the Food Babe) and Dr. Oz took a sudden turn with several popular online news sites publishing scathing critiques of their anti-science fearmongering, prompting one reporter to pose the question: “How should journalists cover quacks like Dr. Oz or the Food Babe?”

“The debate over how to handle peddlers of pseudoscience comes up again and again in the newsroom,” wrote Vox News Health report Julia Belluz, “With every Food Babe, Dr. Oz, Robert F. Kennedy Jr., and Jenny McCarthy, we mull some combination of the following: Do they deserve to be addressed? Should we seriously engage their ideas? And if we cover them, what’s the best way to do so: mockery? Earnest debunking?”

Conclusions

Recent media coverage of the Chipotle GMO announcement and “peddlers of pseudoscience” like the Food Babe and Dr. Oz. demonstrates a shift in mainstream media coverage on topics like GMOs in food production. However, unfounded fears of the use of technology in food production still present significant challenges for the beef community. When science takes a back seat to fearmongering, both consumers and food producers lose. If allowed to take root, irrational fear of what’s in our food could lead to the loss of valuable tools like antibiotics, growth promotants and genetically-modified feed that allow American farmers and ranchers to raise the world’s best beef in the most sustainable way.

Additional Resources

- GMO Feeds are Safe for Animals, Meat Safe for Humans
- Safety First: The Role of GMO’s in Cattle Feed
- GMO Answers
International Agency for Research on Cancer Evaluates Red and Processed Meat - Backgrounder

Date: June 18, 2015

The potential relationship between red meat consumption and cancer risk continues to be a controversial topic debated in the scientific community, among authoritative bodies, and via social and traditional media channels.

by Shalene McNeill, Ph.D., R.D., Executive Director, Human Nutrition Research and Joe Hansen, Associate Director, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary

The potential relationship between red meat consumption and cancer risk continues to be a controversial topic debated in the scientific community, among authoritative bodies, and via social and traditional media channels. In November 2014, the World Health Organization’s (WHO) International Agency for Research on Cancer (IARC) announced it will be evaluating red and processed meat with regard to carcinogenicity. A working group of international cancer research experts are currently reviewing the available evidence regarding any associations between red and processed meat consumption and the risk of developing various types of cancer. In October 2015, this group will convene for an eight-day meeting to come to a collective decision on the potential carcinogenicity of red and processed meat. Following this meeting, IARC will publish a final decision (referred to as an IARC monograph) regarding the classification of red and processed meats as a carcinogen and the degree of certainty (definite, probable, possible, not classifiable, probably not) supported by the evidence. The exact timing of the Monograph release is currently unknown, though anticipated to be sometime in 2016. The Beef Checkoff is working to prepare research summaries and scientific references for submission to IARC, including comprehensive, systematic evidence reviews to ensure that the balance of evidence is considered by the Working Group. Given that cancer is a topic of public interest and an issue that hits very close to home for many Americans, the Beef Checkoff is also developing education and communication resources that can provide important context and balanced perspectives on the role of diet and lifestyles in the development of cancer for both consumer influencers (registered dietitians, medical professionals and academics) as well as general consumer audiences. As IARC is a well-respected global agency, the evaluation presents an opportunity for the beef community to dispel the deep-seeded myth that red meat independently plays a role in the development of cancer.

Background

In an effort to reduce the incidence and healthcare cost burden associated with cancer, regulatory and risk assessment agencies commonly evaluate the available evidence regarding various agents, e.g. chemicals, pollutants and ingredients, to determine the likelihood that they may cause cancer or, in other words, if they are carcinogenic. Groups that conduct such evaluations, independently and collaboratively, include global agencies such as the World Health Organization’s (WHO) International Agency for Research on Cancer (IARC), World Cancer Research Fund International, and national agencies such as the European Food Safety Authority and American Institute for Cancer Research.

Internationally, IARC is known for its Monographs, which are a series of scientific reviews that seek to identify individual compounds and substances – such as chemicals, pollutants – and more complex exposures such as occupational hazards and foods – that can increase cancer risk. Historically and collectively, the IARC Monographs, sometimes referred to as WHO’s “Encyclopedia of Carcinogens,” have reviewed more than 900 agents. Through this process, IARC has classified 400 of these agents as “known”, “probable” or “possible” carcinogens.
There are five possible classifications for exposures evaluated by IARC:

- Group 1 Carcinogenic to humans
- Group 2A Probably carcinogenic to humans
- Group 2B Possibly carcinogenic to humans
- Group 3 Not classifiable as to its carcinogenicity to humans
- Group 4 Probably not carcinogenic to humans

Since the Monographs began in 1972, IARC traditionally has focused its research efforts on chemicals and pollutants; however, on occasion IARC has evaluated the cancer risk of specific foods, including coffee, tea, amaranth, salted fish, pickled vegetables and, on two separate occasions, alcohol (1988, 2010). Alcoholic beverages are classified as Group 1 carcinogens, coffee is a Group 2B carcinogen, and tea has not been classifiable as to its carcinogenicity to humans (Group 3). It is difficult to use these previous food-related classifications as a baseline for potential traditional and social media coverage of a beef classification because these are not contemporary examples. One factor making it difficult to extrapolate potential media coverage is the explosive growth of social media. In 2010, Twitter was only three years old and had just 54 million active users, compared to today with more than 302 million active users. Additionally, these foods do not represent a category of foods that have long been recommended as part of a healthful diet by federal agencies, such as the U.S. Department of Agriculture. For all of these reasons, it is difficult to compare the potential impact of a beef monograph to any other food.

In November 2014, IARC announced it will be evaluating red and processed meat with regard to carcinogenicity. The Red Meat and Processed Meat Monograph (Monograph 114) marks the first time that IARC has chosen to analyze a broader food category rather than specific foods. Evidence evaluation will be completed by a Working Group of cancer research experts. IARC issued a call for experts to participate in the red and processed meat Working Group earlier this year, a public announcement of the Working Group members is expected at any time. These Working Group members are currently reviewing the available evidence regarding the risk of developing any cancer and the association with red and processed meat consumption. In October, this group will convene for an eight-day meeting to come to a collective decision on the potential carcinogenicity of red and processed meat. While the public is not invited to this meeting, a very small number of observers, selected by a nomination and review process, are allowed to attend. Observers are tasked with ensuring that all published information and scientific perspectives are considered during the meeting. The Beef Checkoff has nominated several technical experts and independent scientists to be considered as Observers. Following their meeting, IARC will publish a final decision (aka the IARC Monograph) regarding the classification of red and processed as a carcinogen and with what degree of certainty (definite, probable, possible, not classifiable, probably not) the available evidence supports this classification. The final monograph will be published in the scientific journal The Lancet sometime the following year and be made available on the IARC website.

IARC is considered an authoritative body by many regulatory agencies, meaning there is potential for significant implications if red and processed meat consumption is found to be carcinogenic to humans including the potential for “warning” labels, advisories from government agencies and possible changes to dietary guidance issued by individual countries. More information from IARC is available.

Discussion

The evidence base for diet and cancer relies on observational data – a type of research that reports observed associations between exposures (i.e. diet or dietary components) and outcomes (i.e. cancer) but cannot establish cause and effect relationships. In contrast, randomized controlled clinical trials are considered gold standard evidence that can be used to determine cause and effect relationships but these studies are less common in cancer research because the time period to develop cancer can be quite long. Many cancers develop 10-20 years after exposure thus requiring prolonged research trials that are costly
and prone to subject non-compliance and drop out. Understanding whether or not red meat intake is independently associated with cancer is further complicated by imprecise meat definitions and confounded by the overall dietary pattern in which red meat is consumed. Over the last 10 years, the Beef Checkoff has extensively reviewed the research on red meat and cancer, and the independent scientists who have conducted this research have consistently concluded “the totality of the available scientific evidence is not supportive of an independent association between red meat or processed meat and cancer.”

As part of a public consultation, IARC has requested published evidence, including original epidemiological research, cancer bioassays, mechanistic data, systematic reviews, meta-analyses, and relevant, publicly-available government reports, which will be used in their evaluation of red and processed meat. The Beef Checkoff has already submitted a comprehensive overview of the observational evidence surrounding red and processed meat and cancer risk, including a recent Beef Checkoff-funded meta-analysis. This meta-analysis, published online in May in the Journal of the American College of Nutrition, analyzed the relationship between red meat intake and risk for colorectal cancer and concluded no observable relationship. The full paper can be found here.

The most recent, unrelated, example of an IARC decision has been the classification of glyphosate — a key ingredient in Round-Up — as a Class 2A carcinogen. Much of the news coverage focused on what a Class 2A carcinogen actually means to consumers, including a “whiteboard” YouTube video and NPR stating: “IARC is saying that glyphosate probably could cause cancer in humans, but not that it probably does.” Overall, the consumer is confused as to what science they can believe and what science they can dismiss. We know from Beef Checkoff-funded research that there is a segment of “information seeking” consumers who are actively looking for information on these complex issues in order to make a decision and that they “googling” for much of this information. At the same time, they’re looking to influencers—registered dietitians, medical doctors and others—for advice. That is why it is so important to balance the conversation offering up both sides of the story and having a strong basis in science to back-up our story, thereby allowing the consumer to make the ultimate, informed decision.

As a science-based, trusted leader in nutrition research, the Beef Checkoff is working to ensure a balanced perspective on the evidence related to total diet, red meat and cancer. As such, the Beef Checkoff is working to prepare a series of research summaries and scientific references covering a broad array of topics relevant to the evidence evaluation process for submission to IARC. Information will be available to interested researchers, register dietitians and many consumer-facing resources to help put this complex topic into perspective. This will include fact sheets, background materials, videos and blog posts publically available on the Beef Checkoff-funded website, FactsAboutBeef.com.

**Conclusions**

As IARC is a well-respected global agency, their decision regarding the carcinogenicity of red and processed meat has far-reaching implications. The challenge for the beef community in this process is to dispel the deep-seeded myth that red meat plays an independent role in the development of cancer. In collaboration with other industry trade groups and associations, the Beef Checkoff is actively participating in this process by contributing quality research on the topic to the body of evidence that will be reviewed by IARC and is concurrently engaging with key thought leaders and consumer influencers to continue demonstrating the role of beef in a healthy diet.

For detailed information on the epidemiological evidence on red meat and processed meat consumption and cancer, review this technical summary.

**Additional Resources**

- IARC website
The International Agency for Research on Cancer (IARC) announced it will be evaluating red and processed meat with regard to carcinogenicity. In October 2015, this group will convene for an eight-hour session to review the available evidence on the topic. IARC is considered an authoritative body by many regulatory agencies, meaning there is potential for its findings to influence public policy and consumer behavior.

As part of a public consultation, IARC has requested published evidence, including original epidemiological studies, case-control studies, and meta-analyses. This evidence evaluation will be used to determine the level of evidence regarding any associations between red and processed meat consumption and the risk of developing various types of cancer. In October 2015, this group will convene for an eight-hour session to review the available evidence on the topic.

Discussion

Significant implications if red and processed meat consumption is found to be carcinogenic to humans –

IARC has chosen to analyze a broader food category rather than specific foods. Evidence evaluation will be conducted independently to avoid any potential conflicts of interest. The Red Meat and Processed Meat Monograph (Monograph 114) marks the first time that IARC has analyzed the carcinogenicity of red meat and processed meat as a collective food group. As a science-based organization, IARC evaluates the available evidence to determine the level of carcinogenicity.

The IARC Monographs, sometimes referred to as WHO's 'black books,' are a series of scientific reviews that seek to identify individual compounds and substances that may cause cancer or, in other words, to determine the potential carcinogenicity of various substances. The IARC Monographs are widely recognized as authoritative sources of information on the subject of carcinogenicity. Other notable organizations involved in risk assessment agencies commonly evaluate the available evidence regarding various agents, e.g., chemicals, pollutants and ingredients, to determine the likelihood that they may cause cancer or, in other words, to determine the potential carcinogenicity of various substances. For example, the European Food Safety Authority (EFSA) and the American Institute for Cancer Research (AICR) are two such organizations.

While the IARC Monographs are widely recognized as authoritative sources of information on the subject of carcinogenicity, the interpretation of their findings may vary depending on the context in which they are used. For example, the U.S. Department of Agriculture, the World Health Organization (WHO), and other regulatory agencies may interpret the findings differently based on their specific needs and priorities. The results of the IARC Monographs may influence public health policies and guidelines, but they are not the only source of information on the subject of carcinogenicity.

The IARC Monographs are not the only source of information on the subject of carcinogenicity. Other organizations, such as the World Health Organization (WHO) and the European Food Safety Authority (EFSA), also evaluate the available evidence regarding various agents, e.g., chemicals, pollutants and ingredients, to determine the likelihood that they may cause cancer or, in other words, to determine the potential carcinogenicity of various substances. The results of these organizations may influence public health policies and guidelines, but they are not the only source of information on the subject of carcinogenicity.

In an effort to reduce the incidence and healthcare cost burden associated with cancer, regulatory and advocacy groups are working together to develop strategies for preventing and controlling the disease. These strategies may include the promotion of a healthy lifestyle, the reduction of risk factors, and the early detection and treatment of cancer.

Overall, the consumer is confused as to what science they can believe and what science they can dismiss. We know from Beef Checkoff funding that consumers are actively looking for information on these complex issues in order to make a decision. In October, this group will convene for an eight-hour session to review the available evidence on the topic.
Water Use in Beef: Where Is It Really Coming From and How Can the Water Footprint Differ Across the U.S.?  

Date: June 17, 2015

Consumptive water use is one of 14 sustainability indicators measured in the beef industry sustainability assessment that was completed in 2013, so it would make sense that the number generated from that study would represent beef’s water footprint – but in reality – water isn’t that simple.

By Kim Stackhouse Lawson, Executive Director Global Sustainability, National Cattlemen’s Beef Association, a contractor to the Beef Checkoff

Summary

Consumptive water use is one of 14 sustainability indicators measured in the beef industry sustainability assessment that was completed in 2013, so it would make sense that the number generated from that study would represent beef’s water footprint – but in reality – water isn’t that simple.

Background

To accurately measure the total water used to produce one pound of boneless edible beef we first need to understand where water is utilized along the beef value chain. Let’s start at the beginning of the value chain with feed production and forage growth. Water is necessary to grow forage for grazing animals, crops (hay, grain, silage etc.), for cattle in feedlots or to feed animals during the non-growing season (i.e. the winter). To produce this necessary feed resource, water can either be pumped from an irrigation system or can come from precipitation. Where the water comes from makes a difference in measuring the water footprint according to life cycle assessment methodology; in the beef industry life cycle assessment, we measured water which is pumped from an irrigation system – or another way to look at it is we did not include precipitation or rain water.

Discussion

While, this may seem like a straightforward approach, it is important to note that there is no standard method of water “counting” for beef, so our method of accounting for “blue” water may result in major differences when compared to an assessment that also included “green” water. Another method used when assessing water use is to apply a “damage factor” to consumptive water whereby an assessed value is applied to a region where water may be scarce or ample. Unfortunately, since there are so many different methodologies to measure water use, it is difficult to compare and/or refute results. For example, if rain water is included the water footprint of beef could be doubled and wouldn’t necessarily be wrong – it would just be another way to look at the impact. Likewise, if a damage factor is applied to a region where water is scarce the “assessed” water use could be multiple of actual water consumed by 1/3 or greater. All of this makes understanding the true water footprint of food production challenging for farmers and ranchers and consumers, alike.

It is also noteworthy that beef-producing regions may have a vastly different water footprint based on cattle and land management and available resources. For example, our current beef industry sustainability life cycle assessment is based on the U.S. Meat Animal Research Center; we did this to ensure accuracy of the model and are currently working to collect region-specific data from producers across the country to improve regional precision. The U.S. Meat Animal Research Center irrigates all of its cropland and even some of its pastures – so it is safe to say that when compared to a production region that feeds mostly dry-land crops and doesn’t irrigate pastures, we can expect a smaller water footprint. Furthermore, we could also expect that cattle finished on grass that is not irrigated (like grass-finished animals in the North
East) would also have a comparatively smaller water footprint. However, it is important to note that improvement in one sustainability indicator does not necessarily result in an overall improvement of sustainability. For example, grass-finished animals also tend to have higher carbon footprints associated with their production due to their increase life span on high forage diets that result in more methane production. It is important to recognize that true sustainability is about every beef production method working to be more sustainable rather than comparing one system to another.

The next step in the value chain is the animal itself. Drinking water for animals accounts for less than 1 percent of total consumptive water in beef production. Of that 1 percent, approximately 70 percent of drinking water is consumed in the cow-calf phase, 12 percent in the stocker phase and 18 percent in the feedlot. Such a large percentage is consumed in the cow-calf phase due to the cow, bull, and heifers necessary to get one market animal to slaughter. Put into the context of a consumer – to get one steer to the packer he has a mother, father and part of a heifer that will return to the herd (his sister) which all drink water as he moves through the value chain to eventually become beef for the consumer.

The packing plant is the next water user in the beef value chain and is where water use gets just a little more complex. The major contribution to the water footprint for the packing plant is from pre-chain water consumption specifically related to corrugated cardboard used to package and ship beef to the retail and foodservice sectors of the supply chain. Also, direct consumptive water use occurs in packing plants and advances in wastewater recycling can drastically improve the water footprint of beef.

In total, according to the 2013 beef industry sustainability life cycle assessment, one pound of boneless edible consumed beef requires 617 gallons of water to produce; 95 percent of which comes from irrigating forage and crops for feed. Since 2005, beef has reduced its water footprint by 3 percent by reducing irrigation water per unit of feed and increasing feed efficiencies, reducing packaging requirements, and new recycling technology in packing plants. Perhaps most important is that water is cleaner than ever before – since 2005 water quality has improved 10 percent. This improvement in water quality is a result of improved manure application, increased crop yields, increased feed efficiencies, packaging optimizations, and packing facilities wastewater emission reductions.

**Conclusion**

Water is one of the most complicated sustainability indicators to measure and compare due to the many methods of measurement. It is also extremely complex due to the differences in cattle management techniques across cattle-producing regions. However, as we continue to build more accurate databases that represent regional beef production, we will begin to tell a more comprehensive and transparent story about the water required to produce beef and will continue to build consumer confidence in beef.

**Additional Resources**

- [Raising Beef Isn't Sustainable? It's More Sustainable Than You Think?](#)

**Tags:** Beef Issues Quarterly, Issues Updates, Summer 2015
Q & A with Dr. Karen Schwartzkopf-Genswein on Transportation Quality Assurance

Date: June 16, 2015

Animal welfare is an important component of beef production and is constantly monitored and measured throughout the beef lifecycle. One aspect of animal welfare for producers is the care of livestock between ranches, feedyards, working facilities and, ultimately, the slaughter plant. Dr. Karen Schwartzkopf-Genswein, Agri-Food Canada researcher, gives insight to the importance of transportation quality assurance on the well-being of cattle.

by Jason Ahola, Ph.D., Associate Professor, Beef Production Systems, Colorado State University

Summary

Animal welfare is an important component of beef production and is constantly monitored and measured throughout the beef lifecycle. One aspect of animal welfare for producers is the care of livestock between ranches, feedyards, working facilities and, ultimately, the slaughter plant. Dr. Karen Schwartzkopf-Genswein, Agri-Food Canada researcher, gives insight to the importance of transportation quality assurance on the well-being of cattle.

Beef Issues Quarterly (BIQ): Why is the transportation of cattle so important to the beef industry?

Karen Schwartzkopf-Genswein (KSG): Beef cattle in North American are transported by road at least once, and up to five or more times during their life. This includes transportation from their ranch of origin to auctions or feedlots, and finally to processing plants for slaughter. Since 2005 there has been a trend towards the establishment of fewer but larger growing/finishing and slaughter facilities which means that transport distances get longer. In addition to that, buying or selling cattle at lower or higher prices in distant markets is common but also increases the number of times and the distance cattle are transported. So, all of this “commerce” makes cattle transport trucks highly visible to the North American public and may be the only contact many people have with livestock production today. At the same time, public and industry concern for animal welfare, food safety, meat and carcass quality are at an all-time high. Transport can have a large impact on all of these factors and if managed poorly can have very negative effects on production, social licence and market access.

BIQ: How has stress associated with transporting cattle been evaluated or documented?

KSG: Stress is a behavioral or physiological response to a real or perceived stressor. There are two main ways that we can assess stress in relationship to transport. One way is to do small studies in which we are able to collect detailed physiological and behavioral samples from individual cattle before, during, and after they are transported. The samples we collect include things like blood where we can measure levels of a stress hormone (cortisol), their level of hydration, and their immune function such as white blood cell count (we know that there is a strong relationship between stress and animal health) and also the amount of weight they lose (shrink) during transport. We can also monitor things like their heart rate and body temperature. In terms of behavior, we can assess how much time they spend ruminating, standing, lying and walking before and after transport was well as how much feed and water they consume. Panting may be an indicator of heat stress while a locomotion or gait score can tell us if they have incurred any leg or foot injuries during the transport process. The main thing we look for in these studies is a change from “normal”, which is why we take measurements before during and after so we can see how these change over time. The other way is to conduct a survey or benchmark type study where we document welfare outcomes using a large number of cattle. We can quantify things like the number of mortalities, injuries,
and downer cattle by load and look at the relationship between those welfare factors and things like the distance they were shipped, what density they were loaded at, what environmental conditions were like, and what compartments within the trailer they were loaded in.

**BIQ: What considerations should cattle producers make before deciding whether to load and transport cattle, or an individual animal?**

**KSG:** The two main considerations here are the animal’s fitness for travel and conditions of transport. In terms of cattle fitness, there are many conditions that make an animal unsuitable to load, these include but are not limited to: if the animal is unable to stand on its own, has a fractured limb or pelvis, has a ruptured pre-pubic tendon, has a body condition score of one, has a fever, is likely to give birth or has a prolapsed uterus. In terms of transport conditions, these would include but not be limited to: transport in extreme heat or cold, during a storm, during poor road conditions with potential for road closures or any conditions which could result in lengthy increases in the time animals need to spend in transport under adverse environmental conditions.

**BIQ: Are there strategies or procedures that producers can use to mitigate stress or risks associated with transport?**

**KSG:** Based on my research to date, I have made a list of practices producers should take into consideration:

- Cull cows have the greatest probability of poor welfare outcomes and should be transported with caution and care.
- More welfare issues occur when transport exceeds 30 hours, so efforts should be made to keep total transport time below this time point.
- Longer journeys at higher temperatures increase shrink and poor welfare outcomes so reducing long hauls under extreme environmental condition would reduce the risk of poor welfare.
- Cull cows and calves have an increased chance of being under-loaded in the doghouse and nose compartments thereby increasing injury. So, care and attention to loading densities in these compartments should be made.
- Cattle shipped at loading densities lower than 0.5, or greater than 1.5 m2/animal, are more likely to die, become non-ambulatory, or lame so loading densities should be kept in between these two points.
- Even the best transporters and conditions cannot compensate for poor loading decisions (as discussed for unfit animals described above).

**BIQ: What regulations are in place in Canada and/or the U.S. regarding transportation of cattle, including a few basic definitions?**

**KSG:** The transport of animals is the most frequently regulated aspect of animal production. Regulations for travel times and distances for cattle in North America are less stringent than those of other countries in the EU as well as Australia and New Zealand. In Canada, the maximum transport time is 52 hours before cattle must reach their final destination. In the U.S., cattle can be in transport up to 28 hours according to the 28 Hour Law, but to my knowledge it is rarely enforced. The regulated transport durations used currently in North America are drastically different from those of the EU, which state a maximum eight hour journey time, but also indicate that with special provisions for food, water and rest, transport duration can be up to 14 hours, with a maximum trip length of 30 hours. Currently, there are no regulations on rest stops for the US, but Canada requires that animals be offloaded for a minimum period of five hours after 48 hours of transport (unless they can reach their final destination within 52 hours). Canada also has laws – the Health of Animals Regulations which dictates that food animals should be handled in a way that avoids distress or pain. These laws also specify the segregation of incompatible animals, the provision of food and water, mandatory rest intervals during transport and special rules
Cattle shipped at loading densities lower than 0.5, or greater than 1.5 m²/animal, are more likely to have poor welfare outcomes. Longer journeys at higher temperatures increase shrink and poor welfare outcomes so reducing long trips can improve animal welfare outcomes. Cull cows have the greatest probability of poor welfare outcomes and should be transported with care and attention to loading densities. More welfare issues occur when transport exceeds 30 hours, so efforts should be made to keep total transport duration to a minimum. Even the best transporters and conditions cannot compensate for poor loading decisions (as discussed in the previous section).

### Additional Resources

- [Transportation Quality Assurance](#)

### Tags: Beef Issues Quarterly, Questions and Answers, Summer 2015

Date: June 15, 2015

There have been two key media areas of focus related to agriculture between March – May 2015, they are water usage and retail/food service announcements related to animal welfare and antibiotics.

by Season Solorio, Executive Director, Issues & Reputation Management and Joe Hansen, Associate Director, Issues Response, National Cattlemen’s Beef Association, contractors to the Beef Checkoff

Summary

There have been two key media areas of focus related to agriculture between March – May 2015, they are water usage and retail/food service announcements related to animal welfare and antibiotics. It is important to note that not all of these announcements have implications for beef. Water usage has come into focus because of the prolonged drought currently taking place in California. In March, California Governor Edmund G. Brown Jr. signed emergency legislation to fast-track more than $1 billion in funding for drought relief and critical water infrastructure projects.

The second area of focus was from several major retail and food service companies announcing new sourcing standards or sourcing changes, including antibiotic usage policy changes. While none of the announcements are beef-specific, they do have broader implications for beef. Some of these announcements came from Walmart, McDonald’s and Aramark.

Background

On a daily basis, the Issues and Reputation Management team, on behalf of the Beef Checkoff, carefully surveys the landscape across traditional media, broadcast media and social media to determine which issues warrant a response. Using a variety of tools, including CARMA for broadcast and traditional media monitoring and Nuvi for social media monitoring, the team overlays the data from both applications to create a clear picture of how an issue is playing out in the external environment.

Each quarter, CARMA reviews traditional media coverage and a small sampling of social media monitoring coverage and assigns a favorability rating to this coverage. From March through May 2015 a total of 614 traditional media stories and a random sampling of 996 social media mentions were analyzed as part of the quarterly monitoring report through CARMA. The random sampling of 996 social media mentions was a snapshot of more than 1,273,894 mentions of the beef industry during the same period. Nutritional Vegetarianism was the top issue over the three month period, primarily driven by concerns over the drought and the 2015 Dietary Guidelines for Americans.

Discussion

Often, missing from the conversation about drought is the reality that farmers and ranchers have been working for generations to conserve water resources every day, not just in recent years, with the understanding that water is a precious resource. Several years ago the Beef Checkoff completed the largest lifecycle assessment ever undertaken on a commodity and determined that it takes 617 gallons of water to produce one pound of boneless beef, taking into account all water usage from farm to fork, including water to grow crops and used for processing beef. The Beef Checkoff has amplified several pieces of content on Twitter to make sure we are providing balanced information to consumers, specifically in California.
Figure 1: Cattle and water use media and social media coverage, Feb. 2014 - April 2015

The other major area of emphasis is monitoring announcements made by food service and retail companies. The Beef Checkoff has been engaging with food service and retail target accounts through both the Integrated Communications team and Issues & Reputation Management team. Below is a chart of key announcements within the channel and their relevance to beef, if any.

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Beef Mention</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 4, 2015</td>
<td>McDonald’s (Food Service)</td>
<td>Sourcing chicken without antibiotics important to human medicine - no mention of beef. Milk will be sourced from cows not treated with antibiotics.</td>
</tr>
<tr>
<td>April 28, 2015</td>
<td>Chipotle (Food Service)</td>
<td>Ingredients will all be GMO-free. Grass-fed beef currently being sourced from Australia.</td>
</tr>
<tr>
<td>April 30, 2015</td>
<td>Aramark (Food Service)</td>
<td>Work with suppliers to address issues of pain relief for de-budding and castration procedures, eventual elimination of tail docking and de-horning.</td>
</tr>
<tr>
<td>May 17, 2015</td>
<td>Target (Retail)</td>
<td>Committed to promoting organic and natural - no specifics on beef.</td>
</tr>
<tr>
<td>May 22, 2015</td>
<td>Walmart/ Sam’s Club (Retail)</td>
<td>Report and take disciplinary and corrective action in cases of animal abuse. Find and implement solutions to address animal welfare concerns in housing systems, painful procedures and euthanasia or slaughter. Adopt and implement the judicious use principles of antimicrobial use from AVMA including accurate record-keeping, veterinary oversight and limiting antimicrobial treatment to animals that are ill or at risk. Adopt and implement Voluntary Guidance for Industry #209 from the FDA in their own operations and industry producer programs, including eliminating growth promotion uses of medically important antibiotics. Promote transparency by providing a report on antibiotics management to Walmart and publicly report antibiotic use on an annual basis.</td>
</tr>
</tbody>
</table>

In addition to this direct outreach, we have also been engaging online through a new video describing how beef goes from pasture to plate. This video was filmed in Nebraska and explains the entire beef lifecycle, from the cow/calf operation through the packing plant. The video was amplified online through Facebook and Twitter, by the U.S. Farmers & Ranchers Alliance, which is partially supported by the Beef Checkoff.
In the two months that the video has been online it has been viewed nearly 5,000 times. The average viewer watches 3:23 seconds of the 4:48 second video, which are remarkable viewership stats. This means the average person watched 71 percent of the video, well above the average for other YouTube videos according to the site.

**Conclusions**

Balancing the dialogue online and directly with retail and food service companies remains the priority. The beef lifecycle is complex and explaining the “on the ground” realities of raising cattle is a job that must continue. One way to help is by participating in the Masters of Beef Advocacy program. The checkoff-funded MBA program is a self-directed online training program, designed to equip beef producers and industry allies with the information they need to be everyday advocates for the beef industry. Masters of Beef Advocacy students will be required to complete five courses in beef advocacy, including: The Beef Community, Raising Cattle on Grass, Life in the Feedyard, From Cattle to Beef and Beef. It's What's For Dinner.

**Additional Resources**

- [Beef and Water Use: Has the Drought had an Impact?](#)
- [Antibiotic Use in Cattle 101](#)
- [Antibiotic Stewardship is Not New to Cattle Ranchers](#)
- [How Beef Goes from Pasture to Plate](#)

**Tags: Beef Issues Quarterly, Issues Monitoring, Summer 2015**
Corn Crop Condition Update

The U.S. corn crop has started off the year in very good shape. Rapid planting progress was noted as of May 10th, which has put time in favor of this year’s production potential. Next week, on June 10th, the USDA will release the monthly WASDE report (World Agricultural Supply and Demand Estimates), but no revisions are expected for 2015/16 U.S. corn production.

In May, the initial U.S. corn production estimate was at 13.63 billion bushels. Historically, it is rare that the June corn production estimate in the WASDE report is revised compared to the initial estimate released in May. Over the past 30 years, production revisions have only occurred seven times, or 23 percent of the time, and in all cases the production estimate was revised lower in June. Typically reduced production estimates have been the result of extremely slow planting progress, slow crop emergence or extremely dry or wet conditions across key corn production regions. None of these issues have been pronounced this year, thus corn production is expected to remain unchanged. In July, however, the production estimate will likely be revised but the direction will be determined by potential acreage shifts in the June 30th Acreage report and weather conditions in the weeks ahead.

U.S. corn crop conditions, as measured by the Crop Condition Index, which is a weighted average of the USDA’s crop ratings that range from very poor through excellent, are currently at 76.6 which is slightly below last year’s level of 77.4 for the same week. Keep in mind that the U.S. Crop Condition Index is a weighted average of 18 states that are reported—weighted by last year’s planted acreage. The illustration of corn crop conditions across the top 12 corn producing states illustrates this week’s crop rating (week 22) compared to the same week last year, the average rating for the week from 1996-2014 as well as the range of conditions from the worst to the best. Ratings across 7 of the 12 states are better than average and ratings in Texas, Ohio, Michigan and Illinois are some the best realized for the week since 1996. To the contrary, conditions across the states of Nebraska, South Dakota, Missouri and Kansas are actually at the lower end of the historical range.

Bottom Line: The U.S. corn crop is off to a great start. Wholesale changes to the U.S. corn balance sheet for the 2015/16 market year are not expected until July. Corn prices remain under pressure, but spot corn futures have continued to find near-term support hold in the $3.50-$3.65/bu range. Over time, downside risk for spot corn futures during the second half of 2015 is expected to extend down to $3.00-$3.20/bu. Major resistance is expected in the range from 3.65-$3.80/bu. Price expectations are based on projected stocks to use levels remaining in the 12-13 percent range.
Fed Cattle and Retail Beef Values

The cattle/beef complex has experienced price increases on average since the mid-1990’s, which is largely related to declining beef supplies among other variables. This is especially evident in years like 2003 and 2014 when large declines in per capita net beef supplies are mostly related to large declines in fed cattle slaughter. In these years the saying “the live is the drive” is very appropriate as the large supply declines result in the fed cattle market making the first substantial move higher followed by higher wholesale and retail beef prices. The increase in fed cattle values this past year, where prices peaked in the low $170’s, has resulted in retail prices moving higher into 2015.

Retail beef values of late have leveled off after nearly a 20 percent price increase from the winter of 2014 to the winter of 2015. As a result, the historical and seasonal relationship between fed cattle values and retail beef values can be used to help forecast the fed cattle market. Historically, the fed cattle price trades between 20-25 percent of the value of the All-Fresh retail beef, during the year. The definition of this ratio is the CattleFax fed steer price (less the value of hide and offal) as a percentage of the All-Fresh retail beef price. Historically, during economic recession periods this ratio declines and trades below 20 percent and in periods where the supply decline is substantial the ratio will move above 25 percent - this is illustrated in the first chart.

There is also a strong seasonal pattern with this ratio when measuring the maximum ratio in the first four months of the year compared to the minimum ratio in the June to September period. As the chart shows, the ratio declines every single year over this timeframe. Some years have bigger declines than others, but there is still a decline in the ratio. It is important to remember that the correlation between the ratio’s high and low and the fed market high and low has over a 90 percent correlation, plus or minus one week.

What does it mean for the fed cattle and retail beef values going forward in 2015? The most recent projection for per capita net beef supplies, discussed in the May 8th, 2015 CattleFax Update suggests a supply increase of 0.6 pounds in 2015 versus 2014. Looking at the third chart a forecast for retail beef values for the rest of 2015 based on the years in which per capita net beef supply increased from the year prior, and based on the seasonal index given the already known retail prices for the first four months of this year. This suggests retail beef values will be mostly unchanged through the summer and higher into the fourth quarter.

**Bottom Line:** There are a whole host of supply and demand factors that can impact the fed cattle market in any given year. That said, based on the relationship between fed cattle and retail beef prices, the data suggests cash fed cattle prices will have support in the $148-152/cwt. range for summer lows.