



Vol 1. #10. Welcome. 107 new readers were added this week. Last week, Clint Peck the Director of the Montana Beef Quality Assurance Program received a letter from a colleague suggesting that all foreign beef was suspect in terms of food safety. The colleague wanted Clint's opinion before he forwarded the letter on to his friends. The following is the dialog between Tom the colleague and Clint the Director. Enjoy. John Paterson, Extension Beef Specialist

Hi Clint,

Before I pass this on, I thought I might ask if you know whether it is true!

Have a great day.
Tom

THE LETTER TO TOM THAT HE WANTED CLINT PECK TO REVIEW AND COMMENT ON BEFORE HE SENT IT ON TO HIS FRIENDS

McDonald's claims that there is not enough beef in the USA to support their restaurants. Well, we know that is not so. Our opinion is they are looking to save money at our expense. The sad thing of it is that the people of the USA are the ones who made McDonald's successful in the first place, but we are not good enough to provide beef.

We personally are no longer eating at McDonald's, which I am sure does not make an impact, but if we pass this around maybe there will be an impact felt. Please pass it on

Just to add a note, all Americans that sell cows at a livestock auction barn had to sign a paper stating that we do NOT EVER feed our cows any part of another cow. South Americans are not required to do this as of yet.

McDonald's has announced that they are going to start importing much of their beef from South America. The problem is that South Americans aren't under the same regulations as American beef producers, and the regulations they have are loosely controlled.

They can spray numerous pesticides on their pastures that have been banned here at home because of residues found in the beef. They can also use various hormones and growth regulators that we can't. The American public needs to be aware of this problem and that they may be putting themselves at risk from now on by eating at good old McDonald's.

American ranchers raise the highest quality beef in the world and this is what Americans deserve to eat. Not beef from countries where quality is loosely controlled. Therefore, I am proposing a boycott of McDonald's until they see the light.

I'm sorry but everything is not always about the bottom line, and when it comes to jeopardizing my family's health, that is where I draw the line.

I am sending this note to about thirty people. If each of you send it to at least ten more (30 x 10 = 300) ... and those 300 send it to at least ten more (300 x 10 = 3,000) ... and so on, by the time the message reaches the sixth generation of people, we will have reached over THREE MILLION consumers!

I'll bet you didn't think you and I had that much potential, did you? Acting together we can make a difference. If this makes sense to you, please pass this message on.

THE RESPONSE FROM CLINT PECK, DIRECTOR OF MONTANA BEEF QUALITY ASSURANCE PROGRAM

Tom,

It's about time to bury this thing, tamp the dirt over it and get on with business.

The letter you've been sent started making the rounds several years ago when McDonald's announced they were testing the use of foreign product in their hamburger. They've since initiated importing beef trimmings into their mix as a regular practice -- no one is sure, but taking a guess it could be as much as 15-20% by volume today depending on the region, the location of the ground beef grinder/supplier and the time of year.

That said, the statement: "*The American public needs to be aware of this problem and that they may be putting themselves at risk from now on by eating at good old McDonald's,*" **could not be more off-base and could not be more damaging to our domestic beef industry.**

1 -- First, it sends the message that because McD's (and others) uses foreign product in their hamburger mix all beef consumed in their establishments is not safe or wholesome. I think the safety/wholesomeness record of our domestic hamburger supply (outside of e.coli -- which appears to be more of a domestic-based issue than foreign-based) is stellar to say the least. The people who propagate these letters are not only uninformed and ignorant of what occurs in the course of international beef production, they're hurting themselves and everyone else in the industry.

2 -- McD's and the others require the same product safety standards, HACCP procedures, spot-check inspections and inspection equivalency standards of foreign supplies as they do from domestic suppliers. In fact, the USDA only allows foreign product to be imported from export-certified plants located in any importing country. These are the same plants, by the way, no matter the country, export beef to other regions like the EU, Asia, Middle East, etc. They all must meet international and country-by-country sanitary standards. As well, the animals being harvested in those countries must meet international phytosanitary standards.

Therefore, we (the U.S.) impose our domestic standards on export-certified plants (yes, USDA inspectors and inspectors from other importing countries physically and regularly visit the foreign plants). Those foreign export-certified facilities must also meet international standards. This double firewall system works very well and I've seen no evidence in my experience that there's any wiggle room in all this. The exporters and the exporting countries simply have too much to lose if their food safety systems are allowed to be compromised. Add to that a system where all imported product is subject to randomized inspection upon arrival in the U.S. and we should have no undue fear as far as safety and wholesomeness of imported product is concerned.

Anyone who does not believe this should visit an export-certified plant in any country in the world and see for themselves... You don't know until you see it for yourself. It is my observation that there's no more risk posed from beef exported through any foreign export-certified meat packing establishment than from any similar domestic processing facility.

All said though, it's important that at every juncture we keep USDA's feet to the fire and make sure they're doing their job internationally and that exporting countries are held accountable and continually scrutinized by governments, importers, and by producers themselves.

3 -- The truth of the matter is that five years ago and today -- there wasn't and isn't enough volume or consistent (both annual or seasonal) supply of lean beef trimmings (>85% lean) to meet domestic beef trimmings demand. There are several reasons for this that combine to create this supply deficit:

a) The demand for ground beef continues to grow in the U.S. First, 65% of all beef eatings in the U.S. include ground beef prepared in some form. This percentage is growing. We are simply consuming more ground beef in the U.S. every day.

b) Combined U.S. beef cattle and dairy cow numbers have declined (especially dairy cows) over the past decade. In fact, we're seeing little if any rebound in our beef cow herd as we expected given the current cattle cycle. And, bull populations are down. This means there are simply fewer non-fed (cull) animals domestically available to go into the ground beef supply.

c) The beef industry has done an incredible job in recent years to "profile" muscles of non-fed animals - and fed animals - and fabricate finished cuts from muscle tissue that in the past made its way only as far as the grinder. The classic examples of this are the flank steaks and flat iron steaks we see on menus today. A trip through any meat case will also demonstrate how many other beef cuts are being offered from muscles that 10 years ago were used for grinding. Importantly, these also tend to be the leaner cuts.

More importantly, the fabrication of these cuts simply adds value to the carcass -- which we hope is shared through the production chain (a whole other subject). Think about it -- we're now taking a significant portion of the carcass and gaining something like \$3.50/lb (wholesale) versus \$0.85/lb (wholesale) when grinding was the only reasonable option available to dispose of those muscle tissues. Pure economics suggest that we don't want to go back to the old days when so much of those muscles that are now adding value to the carcass end up in the grinder at a lesser value.

d) The supply of beef trimming coming from both our domestic fed and non-fed harvest animals contain more fat than ever (50% fat -- who knows...?). Check out the 2005 Beef Quality Audit and you'll see that the number of YG4s and even YG5s continues to grow as the domestic beef industry chases the Choice target. The consist of these trimmings demands that they be blended with leaner trimmings (usually 90%CL) to lower the fat percentage and raise the lean to something like at least an 85% lean product that satisfies consumer eating expectations. Quite frankly, 50% lean beef trimmings standing alone have little or no value. And, if you think the beef processors are going to pay workers to "trim the trimmings" you're barking up the wrong tree. Try doing that and see what happens to the supply and price of ground beef!

4) This all begs the question: If the demand in this country for lean beef trimmings (hamburger) is increasing, and our domestic supply of lean beef trimming is decreasing, how does the beef industry as an aggregate solve that deficit? We simply must import the product from countries with active beef export industries and where the comparative advantages lie in producing a lean beef product and where the competitive forces allow them to produce and export a product (in this case lean trimmings) into a market that can absorb (and can afford to pay for) those imports. Further, the case can be made that these imported beef trimmings ADD VALUE to the domestic trimmings through blending. This is a classic supply and demand situation.

5 -- Sadly, letters like this are passed around by groups and individuals that believe there's an enemy behind every tree. The fact of the matter is a lot of things are working very well in our industry. Sure, McD's wants to save money and increase profits. And, if they can do this by in part increasing beef consumption, and we hope demand, without compromising safety and wholesomeness, isn't that good for beef producers everywhere? If any U.S. cattle rancher or feeder wants to try and raise animals simply to meet the ground beef market, they're going to get a rude awakening. I'm sure there are a lot of processors who would gladly pay a price for animals of which a higher-than-present proportion of the carcass goes into the grinder. We can only imagine how profitable for cattlemen it would be to do this.

6 -- Regarding the statements specifically about South America: Presently, of the major South American beef-producing countries, U.S. businesses are allowed to import fresh, frozen or chilled beef from only Uruguay. Imports from Brazil, Argentina, Paraguay, Bolivia etc. are presently limited to "thermally processed" product due to foot-and-mouth disease (FMD) threat. Those prohibitions will remain that way until both the U.S. government and international epizootic authorities are satisfied that either regionally or nationally beef imports from those countries pose no FMD threat.

Please also understand that certainly in Uruguay (as well as Brazil and Argentina) cattle farmers very closely follow production standards and are closely watched by their governments and the packing/processing industries -- certainly with regard to anabolics and feed additives. The statement about "various hormones and growth regulators" used in South America could not be more off-base. These products are *not* legal, are *not* in the marketplace and are *not* used. Their use poses a tremendous risk to international markets and would put individual producers at risk of being closed out of their local domestic markets. I've never seen a sign of anabolic use in all my South American experiences. Also, the use of these products would further impinge on their cost of production which is their only comparative advantage. In Uruguay the national strategy is to market beef internationally as "Lean and Green" -- meaning it is low-fat and raised under "pristine" conditions. With 85% of Uruguyan beef produced for export -- they have too much to loose in compromising the standards they've set for the beef producers of their country.

South American beef producers don't have to sign "animal protein" affidavits simply because no animal proteins are fed. This practice isn't employed in those countries as the cost of producing beef and their production systems don't necessitate the use of animal proteins in feed.

I'm not sure where the comments about "pesticides" come from. Quite frankly, in all my visits to South America, I've never seen pesticides sprayed on cattle pasture or evidence thereof. I've witnessed herbicides being sprayed on agricultural crops like soybeans (the exact same products we use in the U.S.), but never cattle pastures. I'm not sure what they might use that could cause the kind of residue problems suggested, I'd like to know more about that if it's in fact happening. Again, such practices if employed would simply raise costs.

I hope this helps you decide not to propagate this letter. Yes, the international beef community is working very hard to take global market share away from U.S. producers. But, do we want them to gain market share while through our own ignorance and arrogance while we scare consumers away from any and all beef products in this country and elsewhere? Or, do we want to compete in the global marketplace by using our vast resources and comparative and competitive advantages in a way that raises the bar for all producers by expanding beef demand and creating more markets for a better beef product?

Clint

Contact John Paterson, MSU Extension Beef Specialist at johnp@montana.edu or 406.994.5562