

2005 Red Meat Elite: The best - and worst - of times ■ THE SARA LEE SHAKE UP: What's in it for meat? ■ HOW THE PORK BOARD BEAT THE BLAHS ■ **Bioterrorism 101: You'd be surprised what you'll learn** ■ Handle with care: THE NEW ERA OF ANIMAL WELFARE

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INDEPENDENT. AND — LIKE IT
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GOLIATHS, meet David

Facing formidable opposition from the Bush administration, USDA and virtually the entire meat industry, a group of renegade ranchers supported by \$50 checks and saddle raffles has won every round in keeping the Canadian border closed to live cattle. So, just who is R-CALF USA?

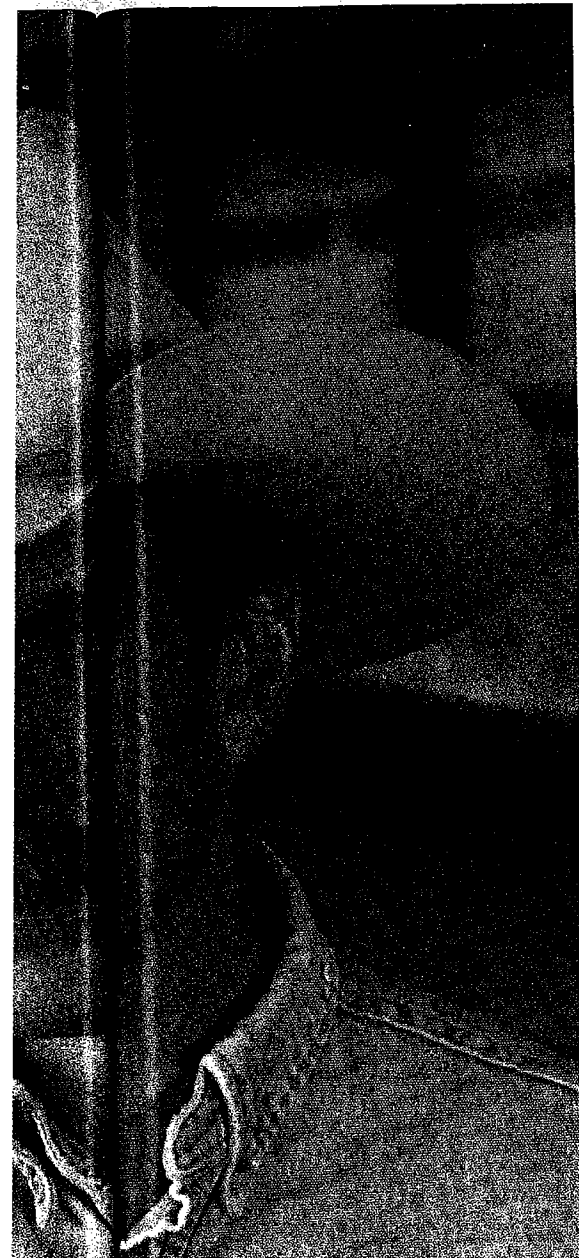
By Pete Hisey, senior editor

As the strategic nerve center of a national organization that is a major player in an industry worth tens of billions of dollars a year, the Pays Cafe in Billings, Mont., doesn't rank with the Oval Office or the U.S. Department of Agriculture's sprawling headquarters. The word modest leaps to mind. At Pays, locals linger over a third refill of coffee, dig into the \$5 BBQ beef special—soup and dessert included—and

discuss cattle prices.

Bill Bullard and Leo McDonnell, chief executive and founder, respectively, of Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America, the independent cattle ranchers association now at the tip of every Washington wag's tongue, didn't choose Pays as their conference room. It chose them. Truth is, there isn't enough room in R-CALF's cramped, five-person office to settle in for a lengthy conversation.

And there is much to talk about. It's early April and R-CALF is in the process of preparing for its upcoming court case challenging the Agriculture Department's rule to reopen the U.S. border to live Canadian cattle imports. It also is preparing responses to USDA's appeal of the preliminary injunction that will likely keep the border closed until the case law is decided. The injunction, issued by Judge Richard F. Cebull of the First District Court of Billings on March 3, just



David Scott Smith

before the border was to have reopened, was heralded as a major victory for R-CALF, whose legal and political prowess, it turns out, was sorely underestimated by USDA, by the meat industry, by seemingly everybody.

Except for Bullard, that is. "We're the king of the \$50 check," he says, and in point of fact, R-CALF's office is littered with copies of checks for just that amount, although there also are plenty of larger ones rolling in these days. Until recently, R-CALF's annual budget was \$750,000—a trifle compared to, say, that of the National Cattlemen's Beef Association, whose budget tops \$65 million annually. Last year, R-CALF's budget broke the \$1 million barrier and this year, McDonnell reckons the amount likely will grow to \$1.5 million, now that R-CALF is about to have its day in court.

The case is confusing, even to insiders, and all the more so if one views it from R-CALF's perspective, which is as

CEO Bill Bullard says R-CALF simply wants USDA to base its Canadian-border decision on sound science.

broad as the surrounding Montana plains. In fact, one needs to pan all the way back to May 2003, when a case of bovine spongiform encephalopathy is discovered in Alberta, Canada. It is Canada's first such reported case, and USDA immediately closes the U.S. border to live Canadian cattle while limiting processed imports to boxed boneless beef—made from cattle parts deemed low-risk for the transmission of prions, the deformed proteins that cause BSE and its human equivalent, variant Creutzfeldt-Jacob disease.

Later that summer, USDA reverses itself, allowing imports of ground beef, tongue and other banned products, but does so without making its actions public. R-CALF, up to this point, is at best a minor player in industry controversies. In fact, since its founding in 1998, its only issue of note has been its opposition to the proposed Free Trade of the Americas agreement, which would create a free trade zone throughout North and South America.

But in that summer of 2003, word of the imported ground beef reaches Bullard's ear and, once it does, the alarm bells sound. R-CALF's lawyers go to court in early 2004, demanding that the ban of the beef products be reinstated. USDA basically concedes the point.

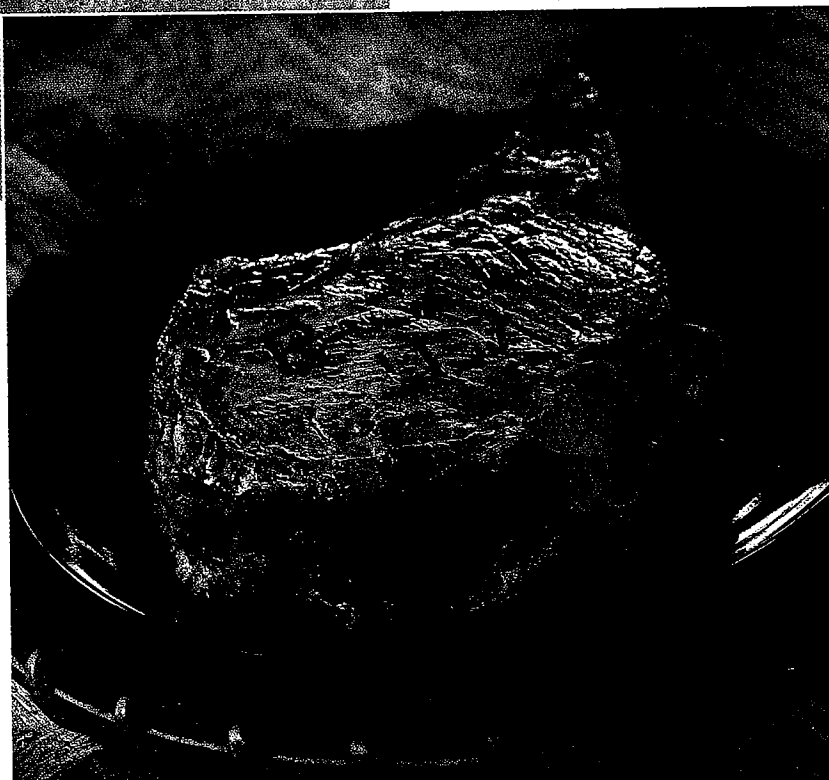
Score: R-CALF, one; USDA, zero.

Shortly thereafter, USDA introduces a proposed rule to reopen the border to live cattle, and R-CALF marches back into court, contending that, as a matter of science, USDA hasn't done its homework or, worse, has fed it to its dog.

The rest, as they say, is history. In a hearing held just days before the planned reopening of the border, Cebull grants R-CALF a preliminary injunction, effectively sealing the border until the full issue can be presented in court. Then, as another saying goes, all hell breaks loose.

Walk softly...

Contrary to the image sometimes 54 ▶



Chris Cassidy Photography

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◀53 painted of him, Bullard is a soft-spoken, modest type, and he says that R-CALF's position on the Canadian border is far from the simplistic, scarlet P with which he and his organization have been branded. Protectionist or not, he maintains, "I have tremendous sympathy for the Canadian cattlemen. Their industry has just been devastated. But the [USDA] rule has to be entirely based on sound science, not just part of it."



David Scott Smith

R-CALF's secret weapon is its 14,000 motivated members, who lobby, recruit members and raise funds.

R-CALF already is looking ahead to bigger battles such as the Central American Free Trade Agreement, which Bullard believes would not only provide scant protection for U.S. cattle ranchers, but become more onerous if USDA is able to use what he considers bogus science. "Everyone says we're protectionist and against free trade," he says. "But we don't oppose NAFTA—we think it should be rewritten, but we aren't against it."

What R-CALF ultimately wants, Bullard says, is fair trade, and it sees the United States at a huge disadvantage. Under present terms, the Central American Free Trade Agreement and the Free Trade of the Americas Agreement both have "substantial transformation" codicils that essentially would allow a Central American country to flood the United States with cheap, tariff-free Brazilian beef by importing live cattle, slaughtering them, then exporting the beef north. "Canada was laundering



David Scott Smith

Leo McDonnell founded R-CALF in his living room, with little more than letterhead and strong opinions.

some Argentine cattle that way before the border was closed," Bullard says.

The message that cattle ranchers are being rolled over by big government and big business is one that clearly resonates with ranchers in the far west, from which R-CALF draws heavily. Its 56 ▶

Smoke

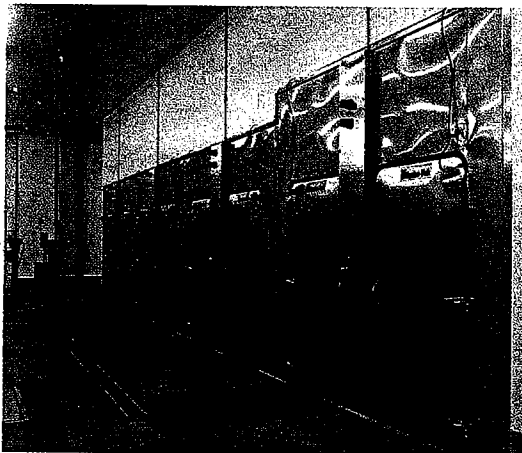
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◀54 membership has swelled from 3,200 members in 2001 to 14,000 members today, and affiliate programs are in place with 60 local and state rancher organizations in 40 states. Not surprisingly, its recruiting efforts in states such as Colorado, Kansas and Texas, where large feeders and packers dominate, have been less than successful.

Those states are mere bumps along a road that has taken R-CALF farther than anyone—perhaps even McDonnell and Bullard themselves—might have imagined. McDonnell, it turns out, founded R-CALF in his living room, and as little more than letterhead, after becoming disaffected while serving on NCBA's International Trade Commission. In 1999, like-minded ranchers urged him to turn R-CALF into a membership organization and the recruiting effort was on.

The initial issue was alleged dumping of Mexican cattle on the U.S. market, but McDonnell's background in internation-



David Scott Smith

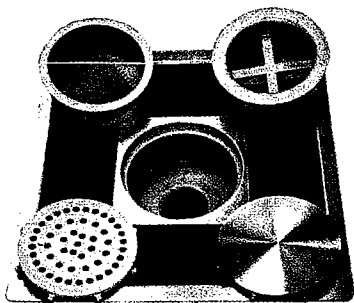
Bullard spends 160 days a year on the road, talking to ranchers face to face, promoting R-CALF and gathering members' views.

al trade soon had the nascent organization weighing in on trade agreements. In 2001, in what can only be described as the fortuitous convergence of the right person, the right place and the right time, McDonnell recruited Bullard, then

executive director of the South Dakota Public Utilities Commission. A former cow/calf rancher from Perkins County, S.D., Bullard also knew politics, having received a degree in political science from Black Hills State University. 58 ▶

KUSEL Floor Drains

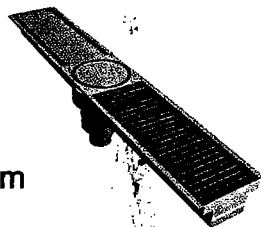
THE INDUSTRY ORIGINAL



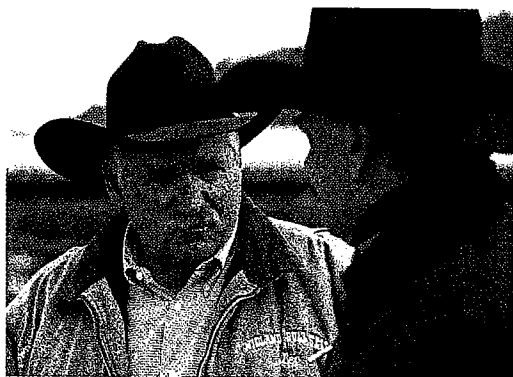
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McDonnell says the industry is over-consolidated, with four companies buying from thousands of producers.

◀56 McDonnell was no stranger to politics—especially industry politics—himself. He served as chairman of the Montana Cattle Feeders Association and committee chair for the Montana Stock Growers Association, as well as on various NCBA research, education and international marketing committees. But in

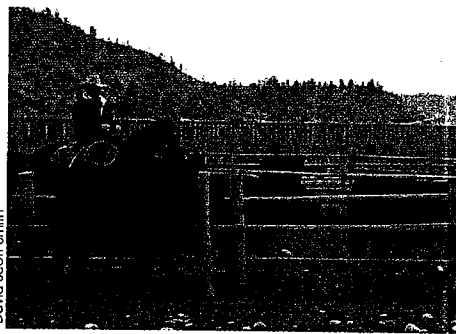
Bullard, he found his voice, so to speak, one that is clear, stubborn, insistent and, it has been charged, available to any member of the media with a dime to drop.

Bullard and McDonnell initially used what funds they could muster to get their message out in person. “We were at every auction and rodeo and convention we could find,” Bullard remembers. “We talked with producers at local meetings all over the west.” At first arriving at a trickle, those \$50 checks eventually began to pour in.

Nonetheless, “we really don’t own anything, just some cell phones and our computers and some used office furniture,” Bullard says. “Our real strength is in our numbers; we have 14,000 committed volunteers. They lobby on their own, they write to Congress and the newspapers, they recruit new members, they raise funds ...”

R-CALF remains a mite compared to larger, better-heeled opposition, but its

tenacity has won it a place at the table beside NCBA, the American Meat Institute and others that are shaping the industry. In addition to its five employees and a lobbyist in Washington, D.C., R-CALF has retained two attorneys, D.C.-based Russell Frye and William Miller, who by all accounts are very committed to their client’s causes. It almost goes without saying that Frye and 60 ▶

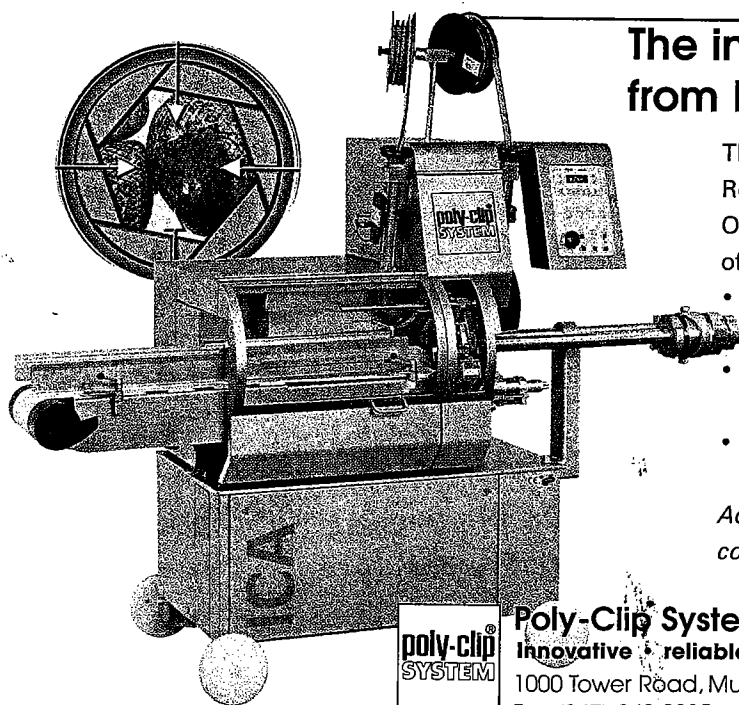


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Affiliate R-CALF programs are in place with 60 local and state rancher organizations in 40 states.

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◀58 Miller also are extremely effective. But to what end?

"Dang right"

So, is R-CALF out for its own economic interests, as critics charge? "Dang right," McDonnell replies. "This industry is over-consolidated. You have four big companies buying from hundreds of thousands of producers. Now, no one wants the government meddling, but capitalism in its purest form leads to monopoly. Someone has to make rules and enforce them, and today, that has to be the government."

And, he adds, government must be transparent and use neutral, peer-reviewed science, which he contends it is not doing. In addition to the ground beef fiasco, he says, there was the matter of the recent USDA rule that would only have allowed cattle under 30 months of age to enter the United States, while allowing in slaughtered beef from cattle over 30

months of age, despite the greater likelihood that product from older cattle could harbor prions. It was a loophole of such magnitude that Mike Johanns, in his first month as Agriculture Secretary, was summoned by a Senate agriculture committee and flogged on national television. Shortly thereafter, R-CALF was granted its preliminary injunction.

Bullard views Canada as just another country to have experienced BSE. As such, it should play by the same rules. "Since 1989, we've had automatic closure in cases of BSE. Canada is just one country among many. So why is everyone so set on reopening it?"

Organizations such as NCBA, AMI and the National Meat Association have responses to that. NCBA president Jim McAdams maintains that both his organization and USDA sent investigative teams to Canada to confirm that Canadians are enforcing BSE surveillance and a ruminant-to-ruminant feed ban—

both conditions of the "minimal risk" designation USDA conferred upon Canada to pave the way for the planned reopening of the border.

Until R-CALF intervened. "R-CALF is short-sighted," McAdams says. "We have to follow sound science and walk the walk if we want others to treat us the same way."

That is, of course, code for pressuring Japan to reopen trade with the United States. Philosophic differences between R-CALF and NCBA virtually explode when Japan is added to the mix.

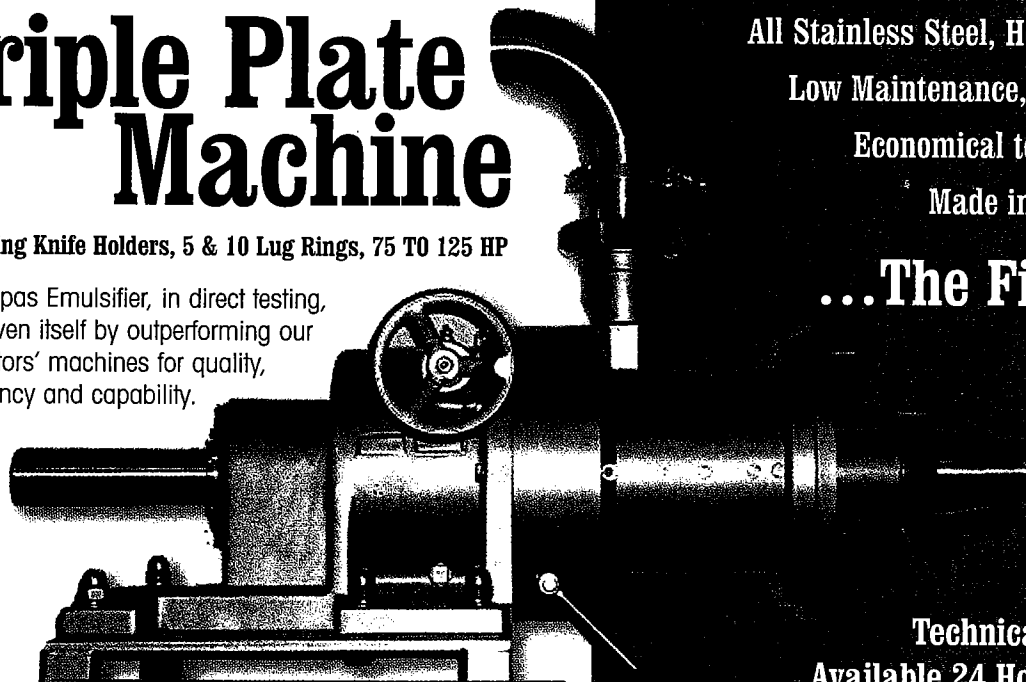
To R-CALF, the answer is simple. "They're our customer," says McDonnell. "If they want us to test every animal we ship to them, so what? That's at least \$150 to \$175 of extra profit per carcass on the line; I'll pay the \$15 for a test anytime for that profit."

What's left unsaid by McAdams and others who oppose the plan is if the United States were to provide universal 62 ▶

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◀ 60 testing for cattle shipped to Japan, U.S. consumers might start wondering why it isn't done at home.

Meanwhile, the clock is ticking on the Canadian situation. "Net-net, the Canadians have accepted the new realities," says AMI President and CEO J. Patrick Boyle. "Their processing capacity is up 22 percent from a year ago, and by year-end, it will be up about 30 percent. We've created an export competitor."

Rosemary Mucklow, chief executive of the National Meat Association, is more blunt. "R-CALF, through its actions, is exporting American jobs to Canada. It has conceded it does not claim that importation of Canadian cattle will cause a serious risk to human health. They're reduced to defending their injunction on legal technicalities, not the merits of the case."

Back at the Pays Cafe, Bullard has a few minutes left before resuming his hectic travel schedule, which keeps him on the road 160 days a year. McDonnell, too,

must depart soon for a bull auction.

So, what's next for R-CALF?

McDonnell pauses, then discloses that the group is considering a class-action lawsuit against USDA on the grounds that recent decisions by the agency have favored large packers. The suit would hold that USDA acted improperly by refusing small packers the right to test animals meant for export to Japan.

What, one wonders, would it take for R-CALF to agree to reopen the U.S. border to Canadian beef? "That's a complex issue," Bullard says. "In essence, we'd like to see the Rule rewritten from scratch."

R-CALF, he says, would like to see a broader, more universal look at the issue of specified risk materials (SRMs). "At least follow international science," he says. "And the definition should be expanded to include all risky products."

Canada's testing program also should be greatly accelerated, he says. "They're testing tens of thousands while we test

hundreds of thousands," he says. "Admittedly, the percentages are proportionate, the difference being that we're testing to find out if BSE even exists here. That question has been asked and answered in Canada."

The problem, he says, is that "USDA has been less than transparent throughout this whole process." Once—or if—its rule is rewritten, USDA should hold public hearings on it, he says.

Meantime, Bullard, who is no stranger to rewriting rules himself, plans to keep the pressure on R-CALF's support of Country of Origin Labeling.

Then there is R-CALF's support of a ban on livestock ownership and captive ownership through third parties by large packers, a provision of the 2002 Farm Bill that was excised at the eleventh hour. Most of the industry, Bullard knows, opposes it.

"It's going to be a battle," he says, "but we'll get there." MMT

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