Beef Industry Holds First Ever Forum

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NEW HOLLAND (Lancaster Co.) — A first-ever forum for cattle feeders to talk directly to packers about the industry, was held Wednesday at Yoder's Family Restaurant in New Holland.

Sponsored by the Pa. Cattle Industry Development Committee, a group organized through Pa. Beef Council contacts and funded with non-checkoff dollars provided by Pennsylvania beef industry businesses, the program was the first of its kind.

In the past, seminars have been sponsored by the extension service, lending institutions, or businesses with a vested interest in providing certain information.

This meeting was different. This was a meeting formed by the committee with the purpose of analyzing and developing a future for the beef cattle industry in Pennsylvania.

The name of the forum, "Feedlot Management Forum — The Pennsylvania Feedlot industry: Now and for the Future," may have been somewhat misleading.

The estimated 150 people who attended the forum were mostly producers and the rules of the forum were simple: ask questions.

The panel of speakers included Dr. Bill Henning, a Penn State Extension meats specialist; Tom Taylor, vice president of Taylor Packing Co.; Mike Silverberg, vice president of Moyer Packing Co.; professor H. Louis Moore, a PSU Extension livestock economist; and Logan McClelland, a Nebraska cattle feeder.

The program attempted to deal with the realities of the industry as far as from the packing companies' perspective and from the producers; and to analyze the future of production.

Dave Ivan, executive director of the Beef Council and staff liason fo the Pa. Cattle Industry Development Committee, said the forum was a crucial step to enhancing the commonwealth's cattle industry.

"This meeting brought together the top cattle feeders within the state to learn and discuss strategies necessary to move the industry foward. As a next step, the results of the survey will be mailed to the attendees, and workshops will be planned which address factors affecting profitability."

Apparently there is a great disparity between the rhetoric of producing beef for market and what concerns are real when it comes to making a product to market.

According to the packers, the situation is that 70 percent of the beef cattle that get slaughtered and cut for sale comes from out of state, mainly because producers in Pennsylvania don't have the quantity matched to demand.

The biggest thing Pennsylvania producers could do for themselves and the packers is to raise cattle for marketing all year around, rather than continue the seasonal surpluses and deficits of cattle availability.

Silverberg told the group that Pennsylvania producers hurt themselves because they overproduce cattle in the spring and underproduce for other times.

Especially with beef prices falling, and the limited profit margins, ignoring the supply-demand swings and continuing to operate status quo won't bring the best prices.

Dr. John Comerford, who performed a survey of those attending at the start of the meeting, told the group that those who intended to continue operating as usual will find themselves out of work.

Also, producers should stop bringing overweight animals.

What the packers need is young, well-muscled animals, Silverberg said.

He said that the packer operates on a very low margin, because of fixed prices, such as labor and facilities, and the flucuating prices of cattle.

The overhead for purchasing cattle represents at least 90 percent of the overhead in a packing operation, while more than 7 percent of the cost is fixed. That leaves about 3 percent maximum for profit margin and that ranges with the price of cattle and demand.

Too many cattle at the wrong time means discounting prices on otherwise quality meat.

Also, the packers said they didn't differeniate as to the breeding of animals, except for the specialty markets.

There have been some significant changes in marketing in the past five years, according to Silverberg. He said that five years ago, Moyer Packing had no export business. Today, 20 percent of the product from Moyer Packing goes to export. He said that Japan is the biggest buyer and expects a high quality, black-blood lined beef that's about 1,400 pounds liveweight.

The rest of the product from Moyer goes to chain stores through the East.

That is why the different weights of animals are needed. The local market doesn't want animals that big. If they are, they immediately get discounted.

Further, keeping animals too long on feed, how they are handled, marked, etc., can result in reduced prices.

While the beef industry has long suffered from a lack of consistency in product, it doesn't look like it will disappear soon. There is no industry-agreed test that can determine meat quality, such as tenderness, and the meat is sold more on looks and market demand for certain cuts.

With boxed beef cuts and trimmed cuts going to chain markets, there is less ability to identify from what type of cattle the meat came.

The bottom line is that packers get paid for the meat they deliver, as it looks and handles. Meat is muscle.

What the packers get paid for is the carcass and the co-products (another name for byproducts), such as the hide.

That's where the value lies, Henning told the group, in the value of the byproducts.

The future of the beef cattle industry is promising according to the speakers. Not only does Pennsylvania have two major packing companies, where other states

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