

URNER BARRY'S Reporter

VOLUME 7 / NUMBER 4 / FALL 2012

the newsmagazine for the food industry professional



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A closer look at pork exports

In recent years, much of the price action in the U.S. pork market has been dictated by ebbs and flows in demand from our major trade partners. As many companies position their business models around this sometimes seemingly boundless force, further analysis appears warranted on the USDA monthly pork export figures. Indeed, export trends tell a much different story when observed from the peaks in

late 2011-early 2012 forward than they do on a year-to-year basis. At the time of publication (May) the most recent release of the USDA pork export figures once again generally disappointed for 2012, painting a bleaker picture than if one solely observes year over year data (See figure 1, page 70).

For the January to May period, 2012 has outperformed that of 2011, with total

exports up nearly 13 percent. Russia has seen aggressive increases in exports compared to previous years, stemmed by a strong Ruble/Dollar exchange rate and the promise of new WTO agreements. Mexico's demand is also up year over year, helped along by a similarly strong peso and low U.S. ham prices. China's

Continued on page 70

Alternative avenues assisting activity...

Relinquishing Russia, U.S. chicken spreads its wings

Ask the average person on the street to name the first thing that comes to mind when they think of the United States' relationship with Russia and chances are

they will come up with something about The Cold War. In historic terms, The Cold War ended in the early 90s but in terms of U.S. exports to Russia, the "Cold-Shoulder" war is taking place as we speak.

When considering shipments of poultry in particular, the height of this conflict took place with the arrival of 2010. Many in the industry will recall that, on January 1st of 2010, the government in Moscow imposed a ban on all U.S. poultry imports. This ban revolved around Russia's prohibition of the use of chlorine as an anti-microbial treatment in poultry production which was common practice in many U.S. poultry plants at the time.

The 2010 ban was eventually lifted toward the middle of the year but the ramifications for the U.S. poultry industry were undeniable. In the time span from 2009 to 2010, total poultry exports from the United States to Russia declined by 56 percent!

As a result, Urner Barry's dark meat lines remained relatively flat, to at times weak, throughout the first two quarters of 2010. For example, the May 10th quotation from two years ago for bulk, frozen leg quarters was 26 percent below the previous year's levels from the same date.

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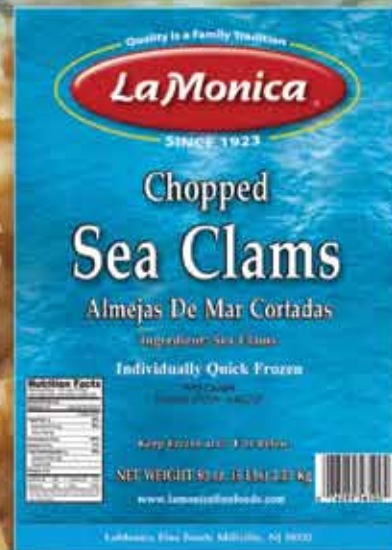
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An Urner Barry Publication
Published Quarterly
Printed in the U.S.A. Copyright © 2012

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From run-down to self-run

An old meat packing plant is going to be given new life; one which may very well be self sustaining. *The Plant* is a revolutionary idea which will change the way most consumers see abandoned warehouses. A decrepit slaughterhouse is being transformed into a 93,500 square foot, off-the-grid vertical farm and brewery in Chicago. Projects like this are vital; as our planet passes seven billion people worldwide we are rapidly losing ground, literally running out of space, and figuratively in the fight against wasteful energy and chemical additives. *The Plant* says no to both.

The idea was formulated in 2009, and it has been blossoming since. *The Plant's* founders seem confident that it will be up and running and entirely energy self sufficient by 2015. There are only five people on staff, however, the Windy City really stepped up as an estimated 1500 volunteers contributed to the project so far. Something that will hopefully set a precedent for other acts, this project is being funded by a \$1.5 million grant from the Illinois Department of Commerce and Economic Opportunity.

The Plant began as a project for IPRO (Interprofessional Projects) students to

plan a vertical farm for John Edel, the founder (and money) of the building. Since then, it has continued to expand and develop, starting with an aquaponics farm: a self-sustained aquaculture/hydroponics hybrid that is soilless, needs no chemicals, and is incredibly efficient. Vertical farming, unconventional farming in a multilayered building, is an idea that will only grow with time and as the need presents itself. This was a large advantage of using an old meat packing plant. The floors are reinforced and can hold the weight of needed machinery, as well as the large elevators for getting them there.

The aquaponics is perhaps the most interesting part of the project. Being studied in depth, it is a newly defined process that backyards and big companies alike are looking into. The fish waste is broken down into nitrates, which feed the plants, and the plants in-turn filter the water for the fish. Instead of using the energy to heavily filter all the water for the fish, or use chemical fertilizers to feed the plants, it will run itself, completely organic. No hormones, antibiotics, or pesticides needed.

The Plant also has integrated several other strategies to keep it self-run. To make sure the net energy of the building is zero, an



Photo courtesy Plant Chicago, NFP/Rachel Swenke

Tanks in a closed-cycle combination fish farm and hydroponic garden are filled with tilapia grown from fingerlings. The fish waste runs through a clarifier and is converted to food for plants.

anaerobic digester is needed. This machine breaks down food waste, from both *The Plant* and surrounding businesses, into biogas, or methane. According to an article in *Treehugger*, the ambitious plan is to use the digester to "divert 27 tons of food waste a day from surrounding businesses." Nothing is wasted; the leftover waste goes to the fish, the methane is used to power a generator, which is used to heat and cool the building, power the lights for the plants, and create steam heat for the kitchen and brewery that will be part of the process.

This building is impressive. A closed system that provides its own power, uses its own waste, and produces a variety of products for the market, including beer, tea, fish, and plant products, as well as creates more jobs and a waste disposal for surrounding companies. As a social enterprise company, it has both a for-profit and non-profit side to it, as well as educational opportunities which include tours of *The Plant* and classes on farming in an urban environment. Cities always look and seem very cramped, but opportunities like this one are everywhere; creative space is abundant in the most urban of places, whether it is on a roof or in a basement. *The Plant* is the way of the future, and isn't perfect, but it's a leap in the right direction for the planet. **UB**

Article contributed by Frank McQuarrie Jr.
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Photo courtesy Plant Chicago, NFP/Rachel Swenke

The Plant, an old meat packing facility in the heart of Chicago's industrial landscape, is underway to become an entirely off grid food production and processing facility incorporating aquaponics and underground farming.



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July egg market sizzles to record highs

In the egg market, 2012 had been anything but volatile heading into the month of July. Aside from the typical market run-up and adjustment around Easter, Midwest large hovered right around the \$1.09 mark. Most assumed conditions would remain generally unchanged through July, as it is usually somewhat of a quiet month. On the heels of one of the largest corn crop plantings, spurred by early spring temperatures, prices were expected to remain mostly flat and potentially increasingly profitable at these levels if in

fact input costs declined with the expected crop. Right after the 4th of July however, perception quickly changed.

The month began with an average number of table egg layers, reported by the USDA right around 281 million head. Shell egg inventories had also run consistently above last year's levels dating back to April. The market had been barely holding on to supportive trading values around the holiday, as many dealt with shortened delivery schedules and

building inventory. Then, to the surprise of most, summer weather patterns really kicked in and extreme heat began to blanket most of the production belt across the Midwest. Prolonged heat not only affected production, resulting in lighter case weights, increased levels of checks and undergrades, and reduced rate of lay, but high mortality numbers were being reported by a number of major producers. Over the next few weeks, estimates recorded anywhere from 3-4 million birds had been lost do heat related issues. If these numbers were indeed true, flock numbers were reduced by over a full percent (*figure 1*). Not only was the current flock affected, but many reported losses to breeding stock, leaving future hatch numbers also unclear.

The weather was not only affecting birds. Once thought to be a bumper year for corn, an unprecedented drought devastated the hopeful yield estimates, and in the ensuing trading sessions, speculation drove corn prices to record highs. Producers were extremely vulnerable to these costs, as many were reluctant to hedge their grain positions given the record plantings originally reported.

As far as the egg market was concerned, wholesale traders affected by production losses were forced onto the open market to cover needs, especially in the heavier size shell egg categories. Prices on jumbos (42.5%) and extra large (45%) raced to all-time highs during the month, while large dozen prices more than doubled; hitting previous record marks in all areas and surpassing them in the southeast region (*figure 2*).

Further processors saw this as a tremendous opportunity to sell eggs into the cartoned market for substantially more than they could receive in the breaking channel. Reduced case weight yields from the heat and product moving into the cartoned market tightened supplies here as well, and processors scrambled to cover their needs with raw liquid. Prices of liquid yolk skyrocketed as previous supply was soaked up almost instantaneously and

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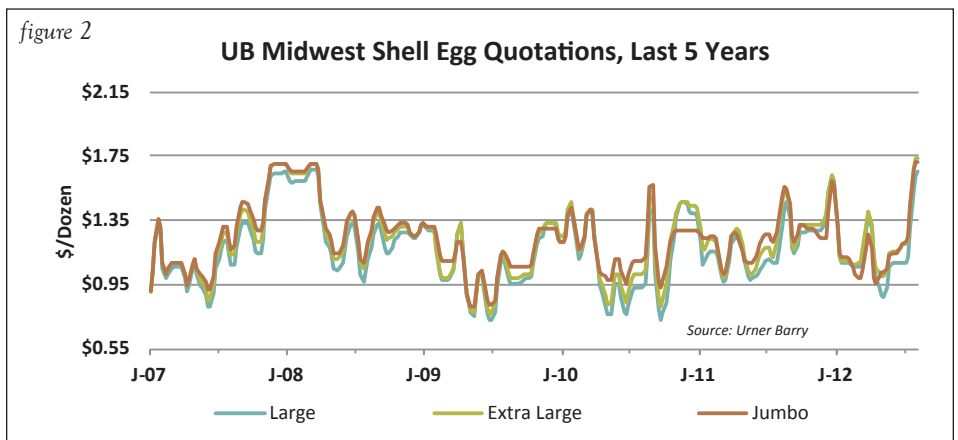
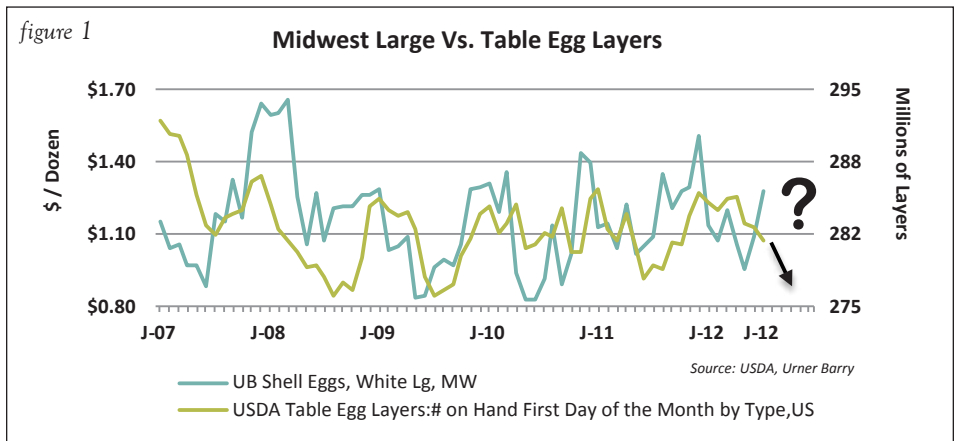
bidding grew more and more competitive. Transaction values resulted in a 45.5% increase here, by far and away leading the charge in the products complex. Separation for yolk created adequate supply of whites, and prices here were left behind the yellow categories.

Luckily for most major buyers of dried and frozen product, the majority of long term contracts had already been completed, with supplies coming out of inventory produced on cheaper egg, not only domestically, but also abroad. Sellers quickly began to adjust their asking prices for spot inquiries and previous prices were left in the dust. Entering August, uncertain about market conditions going forward, several turned to market-based contract structures to protect themselves from volatility through the end of the year.

The spike in the shell egg and products markets not only affected wholesale trade, but consumer shopping patterns as well. Many retail chains pulled scheduled features through the beginning of August, no longer able to set ads at attractively priced levels with the market over \$1.60. Some began to turn to alternative sizes like mediums, or even standard brown and specialty eggs due to the closing price spreads. August is traditionally a better month in terms of market conditions than July, as schools begin to come into session in many areas of the country. These price levels seem to have already stifled demand however, leaving historic trends in question.

Producers are looking ahead to this 3rd and 4th quarter anticipating not only reduced flock size, but increased raw material cost and demand from the current period. Most had expected the market to strengthen as we approached September, but no one had any idea that the market would be coming off record numbers in July. Corn yield projections continue to decline, and most are expecting high prices not only in the shell egg arena but through all animal protein markets going forward. Weather conditions will be a major factor through September and if drought and heat issues persist, so will high prices across the board. **UB**

Article contributed by Brian Mosconi
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Identify your swimming crab

Crab, in one species form or another, can be found in almost every geographic location around the globe. Swimming crab is a growing seafood category because consumers are enjoying the succulent crab meat from within as well as its whole form as soft-shell.

Swimming crabs are identified as a marine crab with some of their back legs flattened as paddles which propel them through water, allowing them to “swim” rather than crawl. Crabs that are classified as swimming crabs will have some form of a paddle-like rear appendage.

Blue crab, *Callinectes sapidus* is a swimming crab that is found in the United States

along the east coast. It trades as hard, live crab, soft-shell crab and crab meat.

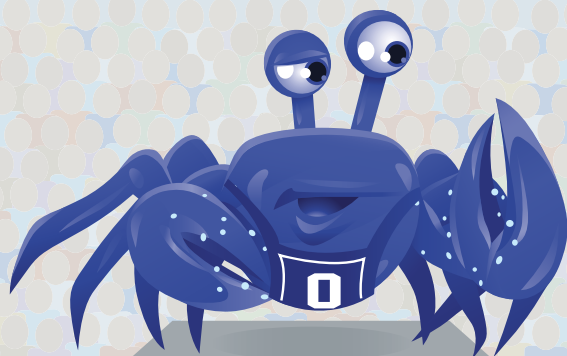
Live, hard blue crabs and live, soft-shell crabs sell along the eastern seaboard when in season. Male hard crabs are usually called “Jimmies,” and mature female crabs are usually called “sooks.”

Hard crabs generally trade in the market as #1 or #2 Jimmies, and #3s or sooks. #1 Jimmies are large males, usually 6 inches or more, #2s are males 5 - 6 inches and sooks are any size mature females. Mature females are identified by the markings on their belly (see figure 1, next page).

Hard crabs grow in size by shedding their outer shell. When they shed there is a

short period of time when they are caught and sold as a soft-shell crab. Live, soft-shell crabs can be found in markets such as the NY Fulton Market when in season. They trade by name that will indicate to buyers their size. There are five main sizes of soft-shell blue crab: whales, larger than 5.5 inches; jumbo, 5 to 5.5 inches; prime, 4.5 to 5 inches; hotel, 4 to 4.5 inches; and the smallest size, medium, 3.5 to 4 inches. Typically, market prices are higher for larger soft-shell crabs and decrease as they get smaller.

Much larger volume of trading occurs with frozen soft-shell crabs. These crabs typically come to the United States from China, Vietnam and Indonesia. The species of this import is known by most traders as *Eriocheir sinensis*, also known as mud crabs.



BLUE SWIMMING CRAB

Portunus pelagicus

2



RED SWIMMING CRAB

Portunus haanii

3

✓ The blue swimming crab is a large crab. Its males are bright blue in color with elongated claws and claw arms while its females have a brownish-green color and more rounded body.

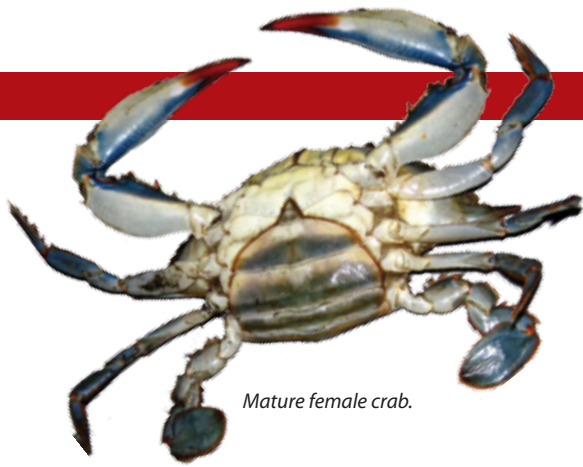
✓ The majority of *Portunus pelagicus* is exported from Indonesia.

✓ *Portunus pelagicus* is closer in taste to Blue Crab than *Portunus Haanii* - stronger, more succulent flavor.

✓ The red swimming crab is a medium-sized crab, similar to the Chesapeake Blue Crab.

✓ Most *Portunus haanii* is exported from China.

✓ *Portunus haanii's* color is whiter than other species.



Mature female crab.

Many of these crabs are farm-raised, and are mostly imported and received as frozen and breaded product upon arrival.

More than 40 million pounds of pasteurized and fresh crab meat was imported into the United States in 2011, and so far in 2012, the YTD totals as of July 2012 have exceeded 2011 (see chart at right). The industry recognizes that crab meat imports come from two types of swimming crabs, blue swimming crab or *Portunus pelagicus* and red swimming crab or *Portunus haanii*. Indonesia is the largest exporter of *Portunus pelagicus* to the U.S. and China is the largest exporter of *Portunus haanii* to the U.S.

Crab meat arrives into the U.S. market canned and pasteurized. The industry sells and values the meat according to grades. Jumbo lump is the large body pieces of the crab extracted from the back body closest to the paddles. Backfin meat is body meat consisting of larger flakes of white meat and smaller, broken jumbo. Special is flaky white meat while claw is the meat from the claw or large front pincher appendages. Other grades recognized by traders (although specs tend to vary) are colossal, super lump, lump, and fingers.

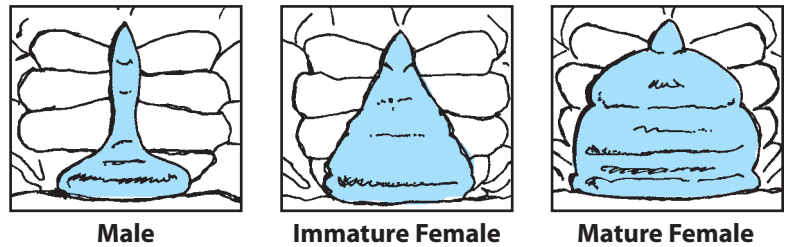
“Crabs that are classified as swimming crabs will have some form of a paddle-like rear appendage.”

Many other species of swimming crab can be found in different parts of the world and may have crossed the plates of consumers. Currently, if a swimming crab makes it to your plate, it is most likely one of these four species discussed here. **UB**

Article contributed by MaryAnn Zicarelli
Maryann@urnerbarry.com

Blue Crab Abdomens

figure 1

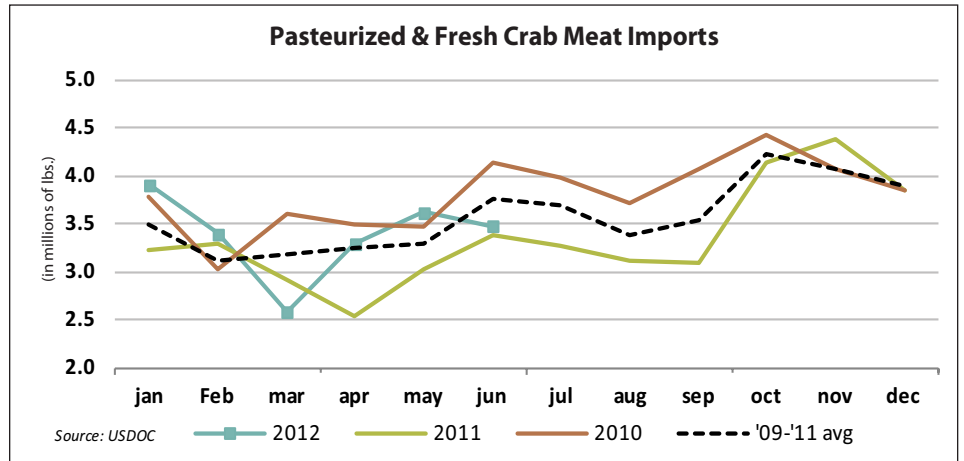


Male

Immature Female

Mature Female

The aprons allow for easy identification of the gender and maturity of the blue crab.



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The incredible edible egg jingle

Contributed by the American Egg Board

The American Egg Board (AEB) is thrilled to bring back the beloved Incredible Edible Egg Jingle this fall. The well-known jingle was launched 35 years ago and is still widely recognized and fondly remembered. AEB hopes to tap into the song's nostalgia while also reminding people to wake up to eggs, the core of its 2012 advertising campaign.

The jingle will be re-launched with the same music, but new lyrics include the lower cholesterol and higher vitamin D news, as well as the fact that eggs can be conveniently cooked in the microwave. The jingle has already been made into 60-, 30- and 15-second radio commercials that will air on satellite radio as well as online radio sites such as Pandora. The commercials will also be made available to the state promotional

groups through AEB's State Support Program, as well as to individual producers who are interested. As with AEB's other radio spots, there will be opportunities to customize them with a local tag.

The jingle will also make an appearance on the "Jimmy Kimmel Live," a popular late-night talk show that airs nationally on ABC. Kimmel and his comedy writers are developing a humorous skit that will appear on the show in early October and will be posted on the show's YouTube Channel for a reach of more than 2 million impressions. Additionally, AEB will post the Kimmel video on its own social media sites including Facebook, Twitter and YouTube to further extend the impact.

Because the jingle is so popular within the egg industry, AEB will produce a video of egg farmers and their families singing the song on their farms. The video will be posted on AEB's Facebook and YouTube channel to showcase egg farmers and spark interest in learning more about egg production.

Consumers will also be asked to invent their own version of the jingle as part of an online contest. Users will vote on their favorites, and the winners will receive prizes. On Twitter, AEB will challenge followers to come up with their own abbreviated jingle versions and incentivize creative thinking by giving away prizes playing off of the jingle's 35th year anniversary and celebration.

National and local media outreach will showcase the history of the jingle, while also reminding people about the cooking and health benefits of eggs. The jingle will also be made into a ringtone that can be downloaded for free on both Android and iPhone smart phones.



The Incredible Edible Egg Jingle is back! This fall the AEB will feature the jingle on satellite radio as well as on the "Jimmy Kimmel Live" show, plus more throughout the year.

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Through the fall, AEB's partnership with NBC-owned TV stations will also continue with two custom-content segments reaching a potential audience of 11 million viewers nationwide.

BACK-TO-SCHOOL OUTREACH

This back-to-school season, AEB will continue its partnership with Discovery Education that will earn more than 53 million impressions for the Good Egg Project (GEP) this year with students, parents and teachers. The GEP aims to educate Americans about the farm-to-table process and share egg farmers' good works and stories in the process.

On August 21, the "Be a Good Egg Sweepstakes" launched on the Good Egg Project: Education Station's website (<http://tinyurl.com/clsdslm>) that hosts educational lesson plans about modern egg farming and egg nutrition, informative videos and take-home activities. This promotion will run through mid-November.

The sweepstakes includes:

- A quiz for entrants, asking what they know about modern egg farming and egg nutrition. The school with the most entries will receive a \$5,000 grant, and five runner-up schools will receive a \$1,000 grant to put toward school improvements.
- Take-home activities for students to complete with their parents and community members, encouraging them to "Eat good. Do good every day."

In addition to the website content, AEB distributed a press kit to editors

and fall promotions

increasing awareness about the program and reminding consumers that eggs pack a nutritional bang for their buck, especially for kids as they head off for big school days. The press kit included:

- A press release showcasing the nutritional benefits of eggs, tips and recipes from AEB Chef Jeffrey Saad
- A Discovery program fact sheet, offering more information on how to enter the “Be a Good Egg Sweepstakes”
- An infographic about egg nutrition.

Back to school-related posts also appeared on AEB’s social media sites including its recently launched Incredible Egg Boards on Pinterest, a virtual bulletin board that allows user to like and repin pictures and web links of interest. This site is one of the fastest growing social media sites. AEB posted convenient breakfast ideas, kid-friendly snack ideas for school and ways to get your kids out the door in the morning on school days. Followers of AEB’s Pinterest boards repinned items they like, so their followers saw AEB’s boards.

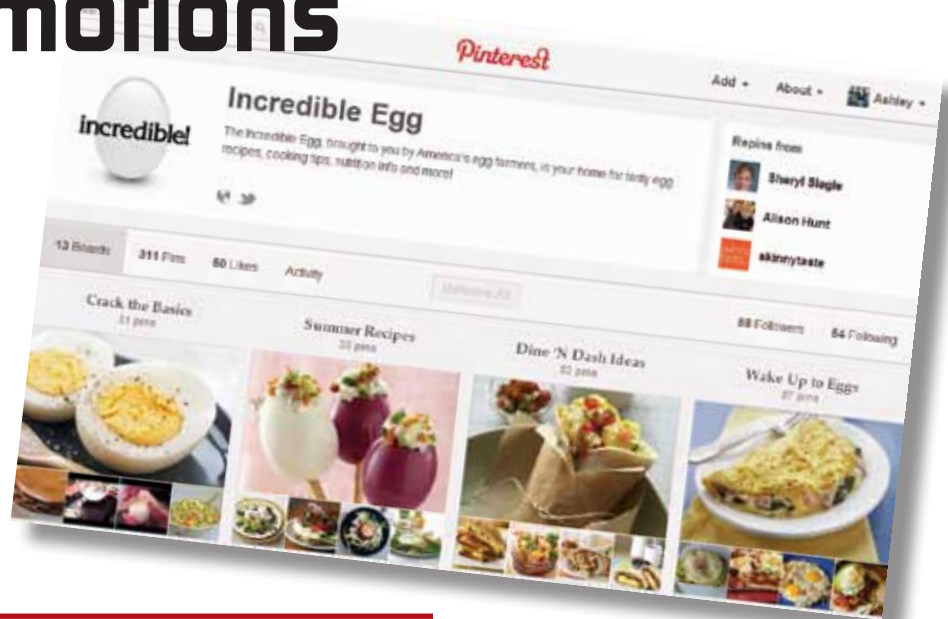
Later in the fall, Chef Jeffrey will appear on the Daily Buzz, a nationally syndicated show, to showcase how easy microwaving eggs can be. AEB continues to educate consumers about the ease of cooking eggs in the microwave and has several brochures available to state promotional groups and producers to help spread this message.

State promotional groups also sent an AEB-generated press release to their local media promoting eggs as the go-to weekday breakfast and three quick-and-easy recipes.

NBC PARTNERSHIP

Through the fall, AEB’s partnership with NBC-owned TV stations will also continue with two custom-content segments reaching a potential audience of 11 million viewers nationwide.

The 4.5-minute foodie segment will air in nine major markets on nonstop NBC



“The well-known [egg] jingle was launched 35 years ago and is still widely recognized and fondly remembered.”

AEB recently launched Incredible Egg Boards on Pinterest, a virtual bulletin board that allows users to like and repin pictures and web links of interest.

channels in Chicago, New York, Los Angeles, San Francisco, Dallas, Miami, Philadelphia, Washington, D.C. and San Diego.

Additionally, in Chicago, New York, Los Angeles, San Francisco and Dallas, a pre-recorded one-minute segment will air multiple times.

Airing first in the Chicago market, these two segments earned incredible results at 89 percent above goal overall at 3.79 million impressions. Here is a brief recap to date:

On-Air: 730,900 impressions

Online: 96,995 impressions

Social Media:

- Facebook: 1,144,798 impressions
- Twitter: 1,818,579 impressions
- Total: 2,963,377 impressions

Foodies Metrics:

- Overall: 36,000 impressions

AEB continues its integration process to maximize egg farmers’ return on investment into their checkoff program. For more information on any of AEB’s programs, please contact, AEB’s President and CEO Joanne Ivy at jivy@aeb.org **UB**



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Company capitalizes on selling salmon to consumers with computers

Alaska's Kwik'Pak Fisheries has launched a new online marketplace to distribute its value-added Yukon River smoked Keta salmon product across the United States.

According to Ruth Carter, head of sales and marketing for Kwik'Pak, the launch of the website is a reflection of the company's longstanding mission to provide economic opportunity to Western Alaska's native Yup'ik community.

of years. Now, in a working relationship with ADF&G, USF&WS, and the Canadian fisheries people, there is an

"Finally we can say, 'Hey you can buy it 24 hours a day and here's the website.'"

"It's all about the fishermen, it's about economic opportunities to people who live behind the poverty line," said Carter.

even stronger effort to maintain the sustainability of all of the salmon species on the Yukon," Carter said. "Additionally we want a method for consumers to be able to verify that the fish they are getting is actually from the Yukon River and the TraceRegister system we use has worked well for us."

Kwik'Pak's new "Marketplace" webpage allows the company to sell its value added Yukon Keta smoked salmon product across the country. Products include smoked salmon fillets, Yukon Keta Candy, Garlic &

Creating economic opportunities for the native Yup'ik people has been the greatest benefit the website and salmon fishery have provided. For example, the company has already established a youth workers program for 14-17 year-olds with the extra funds generated by the website in addition to an Alaska state grant.

"That's our main goal - the villages we represent on the Yukon," she said. **LB**

Pepper Infused Smoked Yukon Keta and Traditional Yukon Keta Strips.



Carter said it was exciting to see orders from the website coming in from all parts of the United States when the site went live in mid-June.

Article contributed by Michael Ramsingh
Mramsingh@urnerbarry.com

"It was a fun process getting the website up and the benefit is just going to be fantastic," she said. "Finally we can say, 'Hey you can buy it 24 hours a day and here's the website.'"

As for the product, in addition the myriad of health benefits credited to salmon, Kwik'Pak's Keta salmon fishery is MSC certified, and is also certified to Alaska's FAO based standards by Global Trust. The company also works with TraceRegister to show consumers that the product they buy is genuine Yukon Keta. In fact, Carter said she feels the company has been ahead of the seafood industry in promoting sustainability sourced product.

"The fishermen and women on the Lower Yukon have worked at keeping their salmon runs sustainable for thousands



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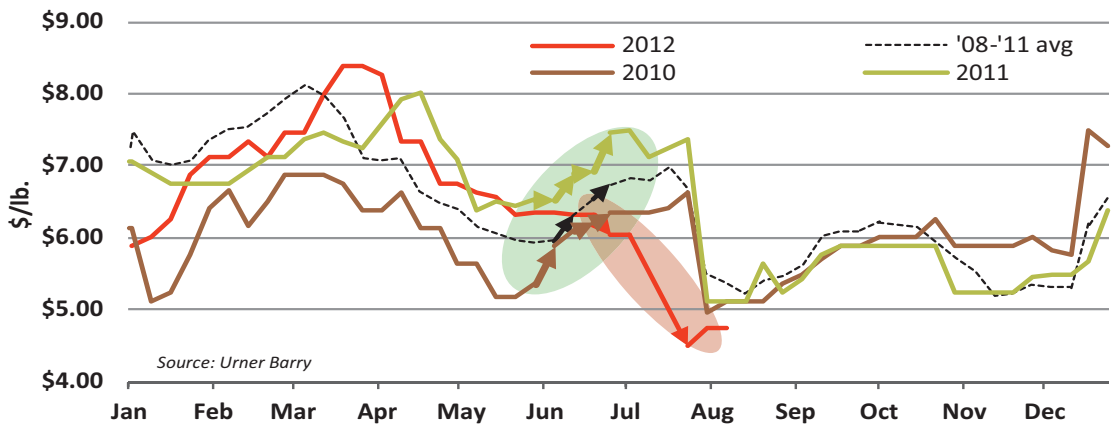
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Influx from Maine brings lower prices...

2012 new-shell lobsters arrive early



UB Lobster, American Live, FOB New England, 2 lb



Source: Urner Barry

It was an early season for new-shell American live lobster from Maine in 2012. An influx of supply from Maine typically brings about lower market prices. The declining price is associated with the transition from hard-shell product to new-shell product. As the new season in Maine begins (or when the shedders begin to make their way to the market), decreased prices are seen. The quality of new-shell lobsters can be a challenge for many sellers due to high mortality rates and limited marketability. Many new-shell lobsters will not withstand prolonged shipping and remain within the northeast region. Until they gain strength, a decline in market price is the norm. In 2012, the season for new-shell lobsters arrived early. Urner Barry's monthly average price chart for select or 2 lbs. lobster shows an earlier drop in price. In addition to the early arrival of the new-shell lobsters, the glut of supply further depressed 2012 market offerings. **UB**

Article contributed by MaryAnn Zicarelli; Maryann@urnerbarry.com

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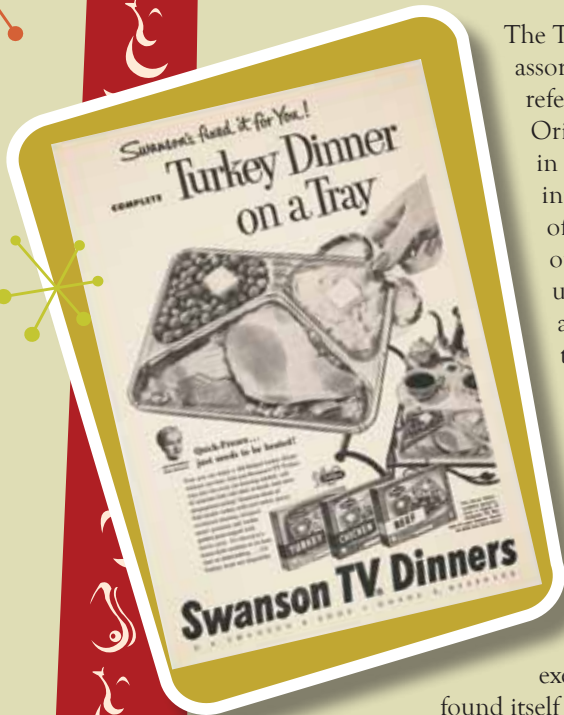
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The iconic TV dinner



The TV dinner, once a term universally used to describe a compartmentalized assortment of frozen meat, side dishes and dessert, is now typically referenced as the more generic “frozen dinner” or “frozen entree.” Originally designed to be eaten by families experiencing post war advances in home cooking appliances and a fascination with an electronic innovation called the television, the name TV dinner came from the shape of the tray it was served on. The main entrée was in a bigger compartment on one side of the tray with the vegetables and, later on, dessert lined up in smaller partitions on the other side. This layout reminded one of a 1950s television set: a screen on the left and speakers and control on the right. There were other theories about the name of the TV dinner including the fact that early packaging featured the image of a TV set and that many families would eat these in front of one of these new contraptions. Whatever the root of the name, for under a \$1.00 per dinner, customers were able to choose among a variety of main dishes that were served with potatoes and bright green peas; special desserts were added later.

As with any number of food related “inventions,” the originator of the product falls into some dispute. In one account, retired Swanson executive Gerry Thomas said he came up with the idea after the company found itself with a huge surplus of frozen turkeys because of poor Thanksgiving sales. Thomas’ version of events has been challenged by others including members of the Swanson family who credit the Swanson brothers with the invention.

Either way, the concept was not necessarily original. Earlier versions included frozen dinners being served on airlines as early as 1944. Later, in 1952, the first frozen dinners on oven-ready aluminum trays, the One-Eye Eskimo label, were introduced by Quaker States Foods. Other companies such as Frigi-Dinner offered a few traditional selections. It was Swanson, however, that was able to promote the widespread sales and adaptation of frozen dinner by using its nationally-recognized brand name already associated with canned and frozen poultry and the timely advertising name of “TV Dinner,” which tapped into the public’s excitement around the new device.

The “TV Dinner” is truly iconic. In 1987 a representative tray was placed in the Smithsonian Institution to commemorate the tray’s impact on American culture. In 1999, Swanson received a star on the Hollywood Walk of Fame. Pinnacle Foods Corporation, the current owners of Swanson products since 2001, recently celebrated fifty years of TV Dinners and Swanson TV Dinners still remain in the public conscience as the dinner phenomenon of the 50s that grew up with television. **UB**

Article contributed by Russell W. Whitman
Rwhitman@urnerbarry.com

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Beef consumers and flavor

Contributed by Certified Angus Beef

When it comes to food, the alternatives are endless: spicy or bland; Mexican, Italian, Asian or Southern-style comfort dishes. But when it comes to beef, almost everyone agrees on a few features.

“Consumers tell us that higher fat levels are more desirable; they like it better,” says Mark Miller, meat scientist at Texas Tech University. “We’ve found that marbling level has a really big impact on the consumer’s desire for beef.”

Miller referenced a thesis by Travis O’Quinn, “Consumer Acceptance of Beef Strips,” comparing strip loins from USDA Prime to Select, where overall liking declined from 95.8% to 79%. That linear downtrend mirrored the flavor ratings, which showed 97.5% of the Prime steaks were acceptable.

Those scores dropped with each successive grade break: 94.2% for high Choice, 92.4% for low Choice and 85.8% for Select.

“Overall liking was most highly correlated with flavor,” the thesis states, but tenderness and juiciness ratings followed similar patterns.

“That shows why the CAB [Certified Angus Beef®] brand is so effective. It has increased all that market share based on flavor,” Miller says.

Consumers rated each steak with a “perceived quality level,” such as unsatisfactory, good everyday quality, better than everyday quality and premium quality.

For Prime, 35.8% called it “premium quality” and 34.2% said it was “better than everyday quality,” for a combined total 71% above average.

The high Choice had 55.8% in those two upper categories, compared to Select at just 29.2%.

The USDA quality grades do their job, Miller says. “They’re based on what will give you the ultimate level of consumer satisfaction.”

Juiciness is controlled by degree of doneness, so that leaves flavor and tenderness. Since quality grades include a maturity component, that helps with the latter.

“On top of that we use marbling, a factor that’s tremendously related to all three,” Miller continues.

Research a decade ago showed tenderness contributed half of overall beef eaters’ satisfaction, followed by flavor at 40%.

“Tenderness is by far the most important factor, but once a steak meets a consumer’s threshold for tenderness, then flavor becomes the sole driver,” Miller said, explaining flavor was a main focus in the latest study.

Surveys reveal more than 91% of the beef in today’s retail case meets tenderness expectations.

“Tenderness is the most important factor and we need to keep on top of it—we need to keep surveying and monitoring it. We need to keep progressing,” he says. “But flavor is an area where we can make a lot of progress on our competition, especially in the international market.”

The Texas team is already into research that digs deeper.

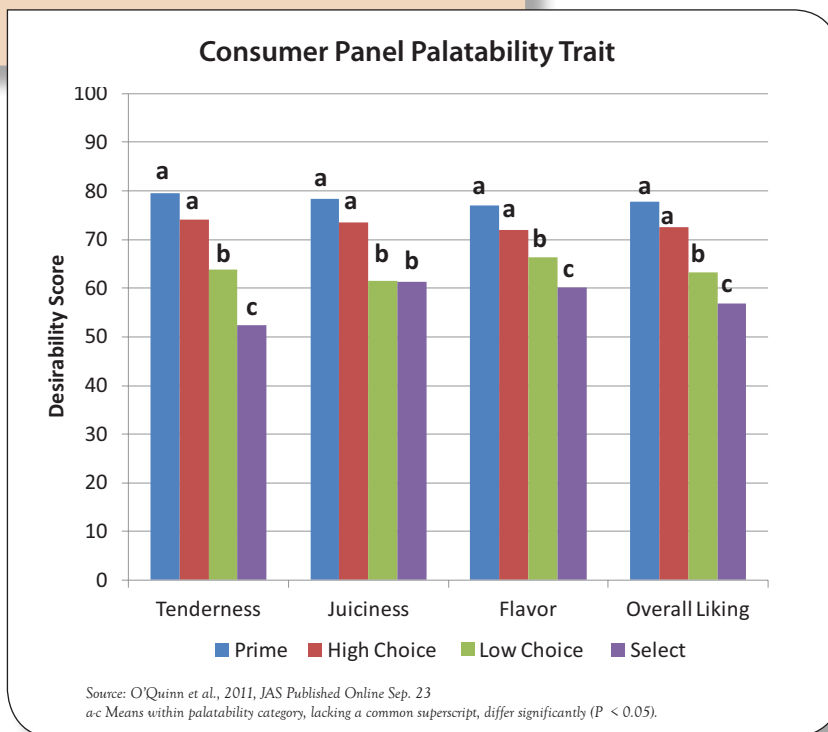
“We’ve been working to characterize not only what it is that makes flavor important in beef, but trying to identify the individual compounds that make a difference,”

Miller stated, noting collaborative projects in Australia and Ireland.

Using instruments to analyze the chemical makeup of the aroma that wafts from off varying qualities of steaks, for example, may help meat scientists determine what’s behind taste at different marbling levels.

“The take-home for cattlemen is, we have a product that we need to keep improving so we can give it the flavor, juiciness and tenderness that the consumer wants,” he concluded. **UB**

“... but once a steak meets a consumer’s threshold for tenderness, then flavor becomes the sole driver...”



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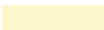








	Cattle	Choice Cutout	Choice Bone-In Rib	Choice Ribeye	Choice Sh. Loin 0x1	Choice Strip 0x1	Choice XT Top Butt	Choice Chx Roll	Choice XT Clod	Choice XT Round	81% Coarse
Cattle	1.000	0.953	0.475	0.348	0.272	0.076	0.408	0.790	0.879	0.851	0.817
CH Cutout	0.953	1.000	0.521	0.408	0.426	0.223	0.527	0.758	0.872	0.897	0.853
CH B/I Rib	0.475	0.521	1.000	0.966	0.348	0.262	0.348	0.191	0.258	0.303	0.176
CH Ribeye	0.348	0.408	0.966	1.000	0.390	0.342	0.362	0.047	0.127	0.192	0.046
CH Sh. Loin 0x1	0.272	0.426	0.348	0.390	1.000	0.908	0.744	(0.123)	0.096	0.313	0.257
CH Strip 0x1	0.076	0.223	0.262	0.342	0.908	1.000	0.728	(0.325)	(0.116)	0.140	0.054
CH XT Top Butt	0.408	0.527	0.348	0.362	0.744	0.728	1.000	0.057	0.264	0.443	0.359
CH Chx Roll	0.790	0.758	0.191	0.047	(0.123)	(0.325)	0.057	1.000	0.901	0.774	0.718
CH XT Clod	0.879	0.872	0.258	0.127	0.096	(0.116)	0.264	0.901	1.000	0.860	0.814
CH XT Inside	0.851	0.897	0.303	0.192	0.313	0.140	0.443	0.774	0.860	1.000	0.788
81% Coarse	0.817	0.853	0.176	0.046	0.257	0.054	0.359	0.718	0.814	0.788	1.000

2010-2012

	Cattle	Choice Cutout	Choice Bone-In Rib	Choice Ribeye	Choice Sh. Loin 0x1	Choice Strip 0x1	Choice XT Top Butt	Choice Chx Roll	Choice XT Clod	Choice XT Round	81% Coarse
Cattle	1.000	0.960	0.700	0.636	0.456	0.473	0.699	0.705	0.900	0.855	0.722
CH Cutout	0.960	1.000	0.702	0.651	0.567	0.583	0.747	0.707	0.900	0.899	0.766
CH B/I Rib	0.700	0.702	1.000	0.979	0.301	0.322	0.385	0.509	0.500	0.490	0.280
CH Ribeye	0.636	0.651	0.979	1.000	0.320	0.349	0.365	0.476	0.429	0.424	0.204
CH Sh. Loin 0x1	0.456	0.567	0.301	0.320	1.000	0.959	0.617	(0.062)	0.311	0.402	0.459
CH Strip 0x1	0.473	0.583	0.322	0.349	0.959	1.000	0.711	(0.014)	0.352	0.416	0.451
CH XT Top Butt	0.699	0.747	0.385	0.365	0.617	0.711	1.000	0.377	0.651	0.696	0.509
CH Chx Roll	0.705	0.707	0.509	0.476	(0.062)	(0.014)	0.377	1.000	0.806	0.742	0.506
CH XT Clod	0.900	0.900	0.500	0.429	0.311	0.352	0.651	0.806	1.000	0.870	0.785
CH XT Inside	0.855	0.899	0.490	0.424	0.402	0.416	0.696	0.742	0.870	1.000	0.736
81% Coarse	0.722	0.766	0.280	0.204	0.459	0.451	0.509	0.506	0.785	0.736	1.000

Urner Barry's market research reports are released on a regular basis through our COMTELL market information service. The following is a copy of a research report released this past summer. For all Urner Barry's research reports, go to <http://www.ubcomtell.com> or contact your account manager today at sales@urnerbarr.com or call us at 732-240-5330.

Correlations

0.900 - 1.000		0.300 - 0.399	
0.800 - 0.899		0.200 - 0.299	
0.700 - 0.799		0.100 - 0.199	
0.600 - 0.699		0.000 - 0.099	
0.500 - 0.599		(0.001) - (0.099)	
0.400 - 0.499		(0.100) - (0.325)	

Beef price relationships

In the last research installment, we took a look at the historical price relationships between end cuts and the rest of the beef complex. For this report, we'll switch gears

to focus on middle meats to see how their changes in price relationships compare over time.

Middle meats, by nature, are much more seasonal than end cuts, particularly for Choice and higher grade product. Ribs tend to gain more seasonal strength as Christmas approaches and the market generally reaches its seasonal peak in the last two weeks of November. Loin meat, on the other hand, trades a bit differently than ribs. While the tenderloin market is similar to the ribs in that it gains much of its seasonal strength in late fall approaching the holidays, strip loins and short loins generally peak in mid-spring and can remain at elevated levels for a good portion of the spring and summer.

Taking a look at the heat map above, the seasonal strength of the middles shows up in their lack of correlation with both cattle and the cutout. Ribs show a bit more correlation than strips and short loins, especially when removing 2008 and 2009, both non-seasonal years in the cattle market. This makes for an interesting point—because the ribs show more correlation with live cattle prices it doesn't necessarily mean they are more dependent on input prices compared to the strip and short loin. A more plausible explanation would be that the seasonality of the rib market follows the seasonality of the cattle market more closely, particularly in the fall when both markets generally trend higher. **UB**

Article contributed by AJ Munger
Ajmunger@urnerbarr.com

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A heaping helping of history served up for lunch...

Lunch hour NYC offers lunchtime's



Restored Automat machines, along with a Berenice Abbott photograph of an Automat in 1937.

Photo: Jonathan Blanc



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“...NYC’s influence on lunchtime was born out the explosion in commerce as immigrants flooded the city looking for work...”

Everyday millions of New York City’s residents stop at street carts, delis, bodegas or restaurants to grab their midday meal of choice known as lunch.

In fact, it is in NYC where the iconic lunch hour was popularized and the history of the day’s second meal is brought to life at New York Public Library’s Lunch Hour NYC exhibit.

Running from now until February 2013, Lunch Hour NYC offers visitors a look at the 150 year history of lunch in the city; from the cultural shift that created the need for it, to the technological developments that shaped the meal to what it is today.

“In our research for lunch—which so many of us take for granted—we’ve learned that the meal has really changed over time, and New York was where so much of this

change took place,” said the exhibit’s curator Rebecca Federman.

In fact, NYC’s influence on lunchtime was born out the explosion in commerce as immigrants flooded the city looking for work. The demand for a quick, convenient midday meal grew and thus a whole new foodservice industry was founded.

“The fact that I can now buy a turkey sandwich in less than two minutes so that I don’t lose any work time, harks back to the change in eating styles more than a century ago,” Federman said.

The exhibit begins at the late 1800’s where the shift started and takes its audience on a ride looking at the development of iconic NYC lunch items including pretzels, pizza, hot dogs and pastrami. Lunch trends, such as the Manhattan “power lunch” are also part of

history in the Big Apple



Video with Ed Beller, who produced the early sheet-metal street-food carts.

Photo: Jonathan Blanc

the experience as participants learn how cultural influences drastically altered New Yorkers' dining habits.

The modernization of foodservice is also profiled as the exhibit looks at the first quick service cafeterias and establishments like Childs' Cafeteria and Joe Horn and Frank Hardart's iconic

Automat—some of the more popular exhibits at Lunch Hour NYC.

“The enormous popularity of cafeterias in the late 19th and early 20th century brought with it the beginnings of standardized foods. Childs' Cafeteria, for example, was everywhere in New York in the early years of the 20th century. If you



Photo: NYPL, Picture Collection

Clam peddler on Mulberry Bend. Reproduction of a ca. 1904 photograph.

wanted quick, inexpensive, food you would go to Childs' and know that it would taste as good as any other Childs' in the city; the Horn & Hardart Automat continued that, and other chains, too,” Federman said.

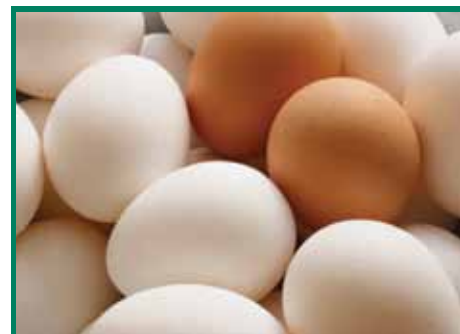
In the end Federman hopes Lunch Hour NYC tells the little known story about a savory time of day for workers across the country: lunchtime. **UB**

Article contributed by Michael Ramsingh
Mramsingh@urnerbarry.com



How the price of oysters has changed over the years.

Photo: Jonathan Blanc



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The meat man who almost wasn't

He was the one that was supposed to get out. His father, and his father before him had built a respectable business selling meat to New York City restaurants. But it was hard work—long hours on your feet, working all night in the cooler cutting and packing meat for that morning's deliveries.

His family had worked hard for decades, providing him the opportunity to get out, to leave the family business and get a college education. He studied finance, passed his Series 7 test and went to work as a stockbroker on Wall Street. It wasn't long though, before Pat LaFrieda Jr. realized that this wasn't his destiny. He was a LaFrieda. For better or worse, he was destined to be a Meat Man.

Pat LaFrieda Jr. has made a name for himself since coming back to the family business in the early 90s. Joining forces with his father, he first set out to grow the company's fine-dining business. That meant



Pat LaFrieda Jr.

cutting meat through the early morning hours, hopping in a delivery truck to deliver those orders, and then finishing out the day in a suit and tie soliciting new business.

His hard work paid off, and the company grew. Chefs told other chefs about the top-notch quality and service. The LaFrieda's next break came with the burger revolution. At the time, Pat was talking with some of the world's best chefs on a daily basis, so he was one of the first to see the bull market developing. His strategy

was custom blends; focusing on quality instead of volume. Pat's a firm believer in whole muscle cuts from corn-fed, American beef. He works with customers to develop their signature blend, and grinds it in small batches to preserve its integrity. Pat's intimate knowledge of each individual cut and its flavor profile allows him to create these unique blends. There's now over 50 different blends that are made on site, and new custom formulations continue to be sought after by LaFrieda's customers.

So the next time you're in New York City and find yourself at a fine dining establishment, ask the staff if the beef they're serving arrived in a LaFrieda box. As the premiere butcher house on the East Coast, LaFrieda's services over 1000 customers in the greater metro area, so there's a pretty good chance it did. **UB**

Article contributed by AJ Munger
Ajmunger@urnerbarry.com



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Pleasing consumers is key to premium beef, audit says

Contributed by Laura Nelson & Lyndee Stabel
Certified Angus Beef

Eating satisfaction rules when it comes to making beef lovers happy.

That was clear in early results from the 2011 National Beef Quality Audit (NBQA),



Deb VanOverbeke

but defining that satisfaction seemed harder to pinpoint. And producers need clear signals to satisfy consumers.

One constant beacon in that audit, which has run every five

years since 1991: people at every link in the beef chain want quality. A call for more Prime and premium Choice beef rang out, with a consumer consensus suggesting 5% and 31%, respectively, compared to 2% and 20% in all U.S. beef during 2011. That was 14 points short.

Science has proven that level of marbling increases eating satisfaction, so it's no surprise that the NBQA showed consumers want more premium beef.

The audit format asks customers who buy feeder calves, fed cattle, beef carcasses, subprimals and variety meats to define and rank quality attributes including food safety, eating satisfaction, cattle genetics, visual characteristics, how and where cattle were raised, lean, fat, weight and size. Then the survey burrowed deeper.



For the first time in 20 years, end users in foodservice and retail ranked "flavor" above tenderness as the top trait in eating satisfaction. That's because tenderness has increased across the board to where it is no problem 91% of the time, so the importance of flavor has risen.

However, on the production end, feeders, packers and allied industry saw it just the other way around. Deb VanOverbeke, Oklahoma State University animal scientist, said those who buy live cattle view the resale value of each quality term differently than those on the meat side.

Led by branded beef programs that reward higher quality, performance further down the chain has become more valuable. A new aspect of the study brought to light beef buyers' willingness to pay for the traits they found most important.

While only 2% of those who purchase live said "eating satisfaction" was a requirement in buying cattle, nearly half said they'd pay a premium of 11.4% to guarantee it. In fact, that premium level ranked No. 1 in the amount packers and feeders said they'd pay above base price to guarantee any quality attribute.

Cattle genetics emphasizing a predominantly black hide and "genetic potential for marbling" were linked to those premiums, especially among feeders supplying the branded beef programs, Van Overbeke said. **LB**



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Menu makeover: *nutria*

Protein-packed rodent is a radical food change

Nutria Sausage Jambalaya: In a pot with oil, heat 1 lb. of smoked sausage; mix in 2 onions, 3 cloves of garlic, 1 tomato, a tablespoon of Worcestershire sauce, 2 cups of rice, and then sprinkle in some salt & pepper. Sounds pretty appetizing so far, right? Don't forget about that secret ingredient though, the one that sets this jambalaya recipe apart from the rest; 2 lbs. of diced nutria meat.

For those who are unfamiliar with this last ingredient, nutria are large semi-aquatic rodents that are often referred to as river rats. Indigenous to South America, nutria were first imported to Louisiana in the 1930s for the fur farming industry. It was also around this time that their meat began selling as a source of food.

Unless you're from the southeast and even more specifically, Louisiana, there's a good chance you've never even heard of nutria. As featured in the late-October episode of the History Channel's new hit-show, *Hairy Bikers*, the guys do their best to turn the nutria pest into a delicious dish. Paul Patranella, a four-star, classically trained French chef along with his buddy Bill Allen, a renowned motorcycle mechanic who is passionate about food, climb aboard a fan-boat to begin their hunt. Once they bag a bunch of rodents, the two turn their catch into a spicy Andouille sausage and later use it in a jambalaya festival.

Surprisingly enough, it's not the first time a classically trained chef has created delectable cuisine using nutria as the primary resource. In fact, Chef Philippe

Parola, the well-known Certified Executive Chef and President/CEO of Chef Parola Enterprises, has been marketing nutria meat for years. When it comes to invasive species, Chef Parola's motto is, "Can't Beat 'Em, Eat 'Em!"

In his upcoming book, Chef Parola discusses that during a recent nutria marketing campaign; he and a group of others were able to convince a majority of consumers that nutria meat is high in protein, low in fat and healthy to eat. Chef Parola has participated in cooking nutria stews, nutria soups, roasted nutria, and grilled nutria at many functions. Although

the marketing efforts to commercialize nutria may not have yielded the most popular opinions, there are in fact more people eating nutria today than ever before. Would you order nutria if it was on the menu?

To learn more about Chef Philippe Parola and his reputation for serving unusual entrees at dinner time, visit his website at <http://www.chefphilippe.com/index.html>. 

Article contributed by Terence Wells
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Beef marketing

Branded marketing programs defined

In the last 10-15 years, the number of branded marketing programs at the meat, seafood, and dairy counters has increased significantly. Each brand attempts to tell its unique story, one that separates it from all the other options available. With so many different claims and labels, Urner Barry's Reporter decided to take some time to provide its readers with some of the basics of branded marketing programs.

Here we'll focus on beef marketing programs and label claims. There's a wide variety of options out there for companies who are trying to distance themselves from the competition. This has been supportive for overall beef demand in recent years, but has likely caused quite a few headaches at the meat counter as well. So to clear the

“There's a wide variety of options out there for companies who are trying to distance themselves from the competition.”



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air, Urner Barry Beef Market Reporter AJ Munger answers three questions about branded beef programs that we hear most frequently.

QUESTION: If a brand includes the term “Angus,” does that mean that product came from an animal that was 100% Angus?

ANSWER: The product could definitely be from a purebred Angus steer or heifer, but it's not likely. Angus is the most popular breed in the U.S., but most purebred Angus cattle are used for breeding purposes. Generally cattle producers will use other breeds in addition to Angus to accomplish their breeding objectives. Currently, over 60% of commercial herds in the US are considered Angus-based¹, meaning that Angus is the dominant breed in their herd. It is much more likely the “Angus” labeled product came from one of these Angus-based herds instead of a purebred Angus herd.

QUESTION: What does the label “Premium” or “Reserve” signify?

ANSWER: Companies will generally use these descriptions to signify that the product meets specifications beyond standard USDA grading specifications. One popular way that companies do this is through a USDA certification program, also known in the industry as a G-Schedule. An example of this would be one of the many upper 2/3

Choice brands. Because the USDA Choice grade covers three different marbling scores, companies can elect to brand a product that incorporates only the top two marbling grades and brand it as “Premium” or “Reserve.” This is just an example, however, and a “Premium” or “Reserve” on the label does not guarantee that the product is upper 2/3 Choice product. In fact, certification by the USDA or a third-party is not required, so it's important to read the claims the brand is making.

QUESTION: Does a label claiming the product is “Natural” mean that the product was produced without the use of added hormones and antibiotics?

ANSWER: The USDA requires that for a meat, poultry, or egg product to be labeled as “Natural,” it must only be minimally processed and contain no artificial ingredients. So technically, all fresh beef sold could be labeled as being “Natural” or “All-Natural.” With that said, some companies have been using the “Natural” label to brand their no added hormone—no antibiotic products, sometimes referred to as “Never Ever” programs. Again, it's important to read the label and find out for yourself whether the “Natural” label is referring to minimally processed or a “Never Ever” type program. **UB**

Article contributed by AJ Munger
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¹ www.Angus.org – FAQs

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Peace-o'-cake...

Feel good eating

Comfort Food, noun:
food prepared in a traditional style having a usually nostalgic or sentimental appeal.

Webster's Unabridged Dictionary



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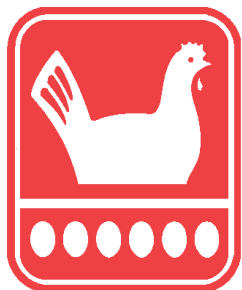
Various traditions such as Thanksgiving and Christmas include feel good foods that are directly associated with feelings of bliss. So any time we're feeling down, we simply turn to the fridge and select the ingredients to make a plate of happiness with a little joy on the side—but is there more to it than just a nostalgic memory? According to scientific researchers, there may be a bigger connection between our brain and the diet we choose.

Over time, what we consume has drastically changed into processed foods and our bodies aren't quite sure how to recognize it or break it down to be utilized as sources of energy. When these food particles enter our blood stream, they have the ability to cross the Blood Brain Barrier (BBB). Once past the BBB, these food particles have the potential to change into morphine-like chemicals that can stimulate the opiate receptor sites in the brain—making us feel cool, calm and collected.

Comfort foods are also believed to increase levels of serotonin, a chemical produced by the brain that functions as a neurotransmitter. Low serotonin levels are associated with mood disorders, particularly depression—thus logic suggests that the more serotonin spurred by sugar, starches and carbs, the happier we will be. The question of how exactly food affects our mood is still debated, however it's becoming very clear that the relationship is more than just emotional, it's chemical.

Food addiction is a modern term that is increasingly used to explain the growing obesity problem in the United States. With the research pertaining to food and mood alteration, it may help to identify a large component of the issue. These tough economic times may also be driving even more comfort eating as we think back and remember a simpler time. So the next time your mood dictates your dinner, think about how your dinner may dictate your mood. **UB**

Article contributed by Jamie Chadwick
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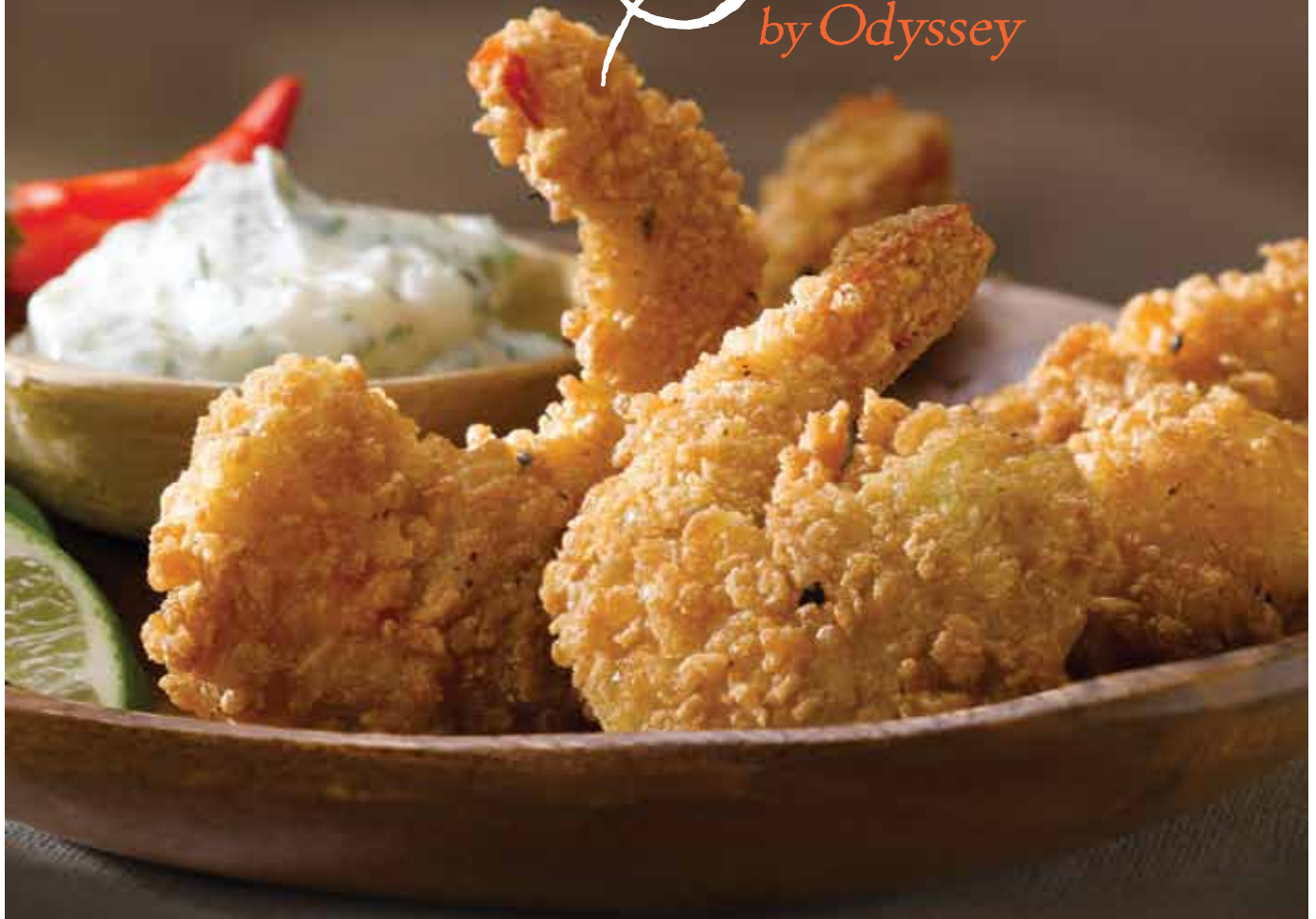
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The term comfort food was first heard in 1977, and refers to the foods that give us that warm fuzzy feeling inside. Everyone has their favorite comfort foods; some turn to crispy fried chicken and warm buttery biscuits, others may dive into a rich chocolate cake to chase the blues away. Regardless, comfort foods are typically calorie-rich and loaded with a ton of carbs, starches, and sugars.

We each possess a unique orientation towards which foods make us feel content. The nature of one's association with certain comfort foods depends on how we learned them. For example, when a young child returns home from school upset, the mother will often console her distraught little one with a some TLC—and perhaps a great big chocolate chip cookie. Overtime, this type of consolation will lead to a direct concordance with that food that has always cheered them up when they were sad. Or maybe a child makes the Honor Roll or wins the big game; parents tend to commend those achievements with a celebratory dinner. These are reward concepts that are learned from childhood and stay with us well into adulthood.

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SuKarne: a leader in meat production



Founded 43 years ago by Jesus Vizcarra Calderon as a small cattle marketer in Culiacan, Mexico, SuKarne is today one of Mexico's most important companies and one of the most outstanding in the production and marketing of animal protein worldwide. Currently, the Vizcarra Calderon companies (SuKarne and Agrovizion) generate more than 8,000 direct jobs, serve more than 40,000 customers, and maintain operations with companies in 18 countries, while its chain of production includes more than 80,000 agricultural and livestock providers. In addition to being the largest producer, importer and marketer in Mexico, SuKarne accounts for 76% of the country's meat exports and is its primary self-service provider.

SuKarne's products are visible in many retail stores across the U.S. and its name is becoming more well-known in the meat industry. Even with the

challenges of a bad economy and volatile input costs, particularly feed, the company has maintained steep growth of approximately 20 percent annually over the past two decades. Under the leadership of Vizcarra Calderon, SuKarne has experienced uninterrupted growth in a sector that was one of the first to open up to global competition.

In the world trade arena, SuKarne represents an astonishing 76% of all the meat exported from Mexico. This obviously means that all the proper certifications are held, such as HACCP, USDA (for exports to the U.S.), ISO 9001-2000, TIF, MAFF (Japan), NVRQS (South Korea), FSVPS (Russia), just to name a few, totaling 16 export destinations. SuKarne is currently working on penetrating markets such as Singapore, Iraq, Iran, Indonesia, Saudi Arabia and Europe. Also, SuKarne is the leader importer of beef, chicken and pork in Mexico. Efrain Resendiz, VP of Business Development, commented "among our main objectives is to strengthen our

position in the domestic market, while expanding our geographic footprint aiming to consolidate our position in the global protein industry".

SuKarne has four production units in Mexico and operates one in Managua, Nicaragua, which began operating in 2010. The company also has two separate units to process pork and chicken, in addition to creating sister companies in charge of marketing inedible products, such as hides, tallow, greases and bones. "Right now we have a short-term investment plan that will allow us to expand our productive and process bases, in order to offer larger volumes of beef, pork and chicken; at the same time, we will continue to guarantee the highest quality, safety, and traceability of our products," Resendiz added.

Today, SuKarne is Mexico's beef producing leader, as well as an important player in the pork and chicken industry; at the moment, SuKarne is Mexico's meat giant. "To grow as a global protein provider is not an easy task, so in order to achieve further growth we must capitalize on the advantages of our business model, which include highly integrated, flexible and competitive processes, in addition to our solid operations based in Mexico, whose geographic location, competitive cost structures, and sanitary conditions offer a unique platform in the meat industry," Resendiz concluded. At the pace they have grown in the past decade, don't be surprised if SuKarne soon becomes one of the meat giants of the world. **U**

Article contributed by Angel Rubio
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SuKarne has generated more than 8,000 direct jobs and accounts for 76% of Mexico's meat exports.



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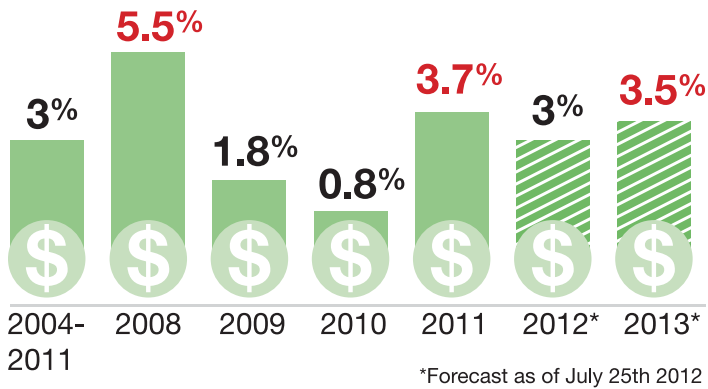
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Increases are inevitable...

U.S. drought and your food costs

Note: Graphics represent all food (food at home + food away from home).

Historical Food Price Inflation



What it means: Food price inflation is expected to be close to the historical average this year and just slightly above that next year.



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What Affects Your Food Costs?



What it means: Commodity prices are just one of many factors affecting retail food prices. Commodities make up about 14% of the average retail food purchase, so even if all commodity prices doubled, retail food prices would increase by about 14%.*

*For additional information, see USDA ERS resources: <http://www.ers.usda.gov/media/131100/err114.pdf> and <http://www.ers.usda.gov/data-products/food-price-outlook.aspx>.

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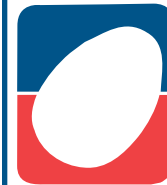
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Excelling at Eating

In a nation rich with diversity, it's not unusual that the United States hosts a wide array of culinary concepts. Since our humble beginnings, Americans have evolved in both their perception and utilization of food. Originally, food was relied on simply as a means of sustaining ourselves, and was treasured in even its simplest form. We will always need food to sustain biological and nutritional requirements—what changed is that society has shifted from using food to not only satisfy a need, but also to satisfy a want.

Other than the obvious, what is it that we want from our food? More importantly, what factors influence these wants? Subsequently, we'll take a look at some of the factors that have changed the way we utilize and appreciate the food we eat.

Embedded in our society are cultural elements that impact and power our eating behaviors. We've evolved in the way we use food to signify important events such as holidays, weddings, funerals, and birthdays. Holiday traditions create a social desire for certain foods such as Thanksgiving turkey, Christmas cookies, Halloween candy, birthday cake—all foods that are directly associated with specific occasions throughout the year. These events have become virtually synonymous with the foods commonly coupled with them.

Religion notably constructs our use and attitude towards food, including what and when we eat. Phrases such as "So good—it's sinful" were taken quite literally in the early years of our nation. Some

religious entities deemed highly flavorful and exotic foods a selfish indulgence and followers were often discouraged from partaking in such temptations. Even in the 21st century, society continues to observe religious customs in regard to food. Significant religious occasions, like the Christian Lenten season, encourage church bodies to practice fasting or to avoid the consumption of meat as a form of penitence.

We also employ food to demonstrate our political and moral beliefs—choosing to be vegetarian, vegan, or eating only organic foods. Not only what we eat, but where our food comes from is becoming more and more important as well. A proclivity to buy "local" or cage-free products is a growing trend and can serve as a way to express one's disposition on the subject.

Today, food has become increasingly popular as an element used to measure stature. There has been a shift from eating...to *dining*. From prime cuts of meat to fine wines and custom-prepared dishes by signature chefs—we are now using food to convey prominence among our social circles. New innovative cuisines are taking hold in the prestige line of restaurants and are popular among wealthy consumers.

Food isn't just about food anymore—it's about the grand dining experience. "Dinner and a show" is a concept that

has grown since Madrigal dinners took place in the Middle Ages, and is still a popular trend that has evolved to include tableside entertainment and preparation. Teppanyaki restaurants are popular destinations where guests are awed by highly-trained chefs grilling their order right in front of them amidst throwing knives and food high in the air. Due to



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this growing trend in consumer demand, food mixed with entertainment is essential for success when creating the ultimate atmosphere in a contemporary restaurant.

We've certainly come a long way from the days of scavenging and scraping for sustenance. Though we've grown into a more diverse and unique way of utilizing food to stimulate our senses, our appreciation for food hasn't diminished. On the contrary, thanks to cultural influences from around the world, our food experience has been enriched and intensified. **UB**

Article contributed by Jamie Chadwick
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Eggs in the morning keep you fuller through the day



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For years now many have touted that breakfast is the most important meal of the day, in terms not only of hunger but of mental focus and performance as well. Highlighting breakfast can often times be very vague, as what people eat in the morning can vary greatly. Fruit, granola,

pancakes, waffles, eggs and cereals, just to name a few, are popular choices among consumers of all ages. Additionally, some people skip the morning meal all together. Just like with any other meal though, it is important to know how what you put in (or don't) affects what you get out; and several studies have concluded recently that including protein in your morning routine is one of the best ways to start the day.

According to a study done by a researcher at the University of Missouri, published in *Obesity*, "eating a healthy breakfast, especially one high in protein, increases satiety and reduces hunger throughout the day. Using functional magnetic resonance imaging (fMRI) the researchers found that eating a protein-rich breakfast reduces the brain signals controlling food motivation and reward-driven eating behavior." The study compared fMRI results in adolescents that skipped breakfast all together, ate cereal with milk, or had a protein rich meal. Findings indicate that eating protein not only kept participants fuller longer than sugary options, but also helped to increase mental focus throughout the day.

In another study of overweight women, reported in the *Journal of the American College of Nutrition* in 2005, those who had two eggs for breakfast felt fuller afterwards and ate significantly fewer calories at lunch than women who had a bagel-based breakfast with the same number of calories.

"...what goes in affects what you get out!"

The egg nutrition center states that one large egg contains six grams of protein, among other vitamins and minerals, including Vitamin A, D, B6, and B12, as well as zinc, iron, calcium, potassium and choline. There was however a period of concern about eggs and high cholesterol content. Research over the last 20 years has shown that even though eggs are high in cholesterol, they are actually very low in saturated fat. The American Heart Association not only has removed their daily recommendation on the amount of eggs one should eat per day, but has also recommended them as part of a heart-healthy diet. Not only is the amount of cholesterol in a large egg considered safe, but USDA data reveals that the amount of cholesterol has actually gone down by 14%, from 215mg to 185mg. This is a direct result of monitoring feed ingredients, basically the same goes for the bird, what goes in affects what you get out!

According to the American Egg Board, the average American eats about 248 eggs per year. Consumption patterns are highlighted in the fall, as it marks the beginning of the school year in most areas of the country. Heads-of-households will have tough choices on how to feed their kids before sending them off to class, with retail shelves stuffed with breakfast options. Studies continue to point to the importance of protein in your first meal of the day, however, and this is typically one of the best times of the year in terms of retail sales of eggs. Researchers continue to search for the complete balance to breakfast, but have already concluded that protein keeps you fuller and focused longer than most other options. Eggs are the standard for natural protein and even with seasonal price increases, are one of the most affordable breakfast options available, not only in the United States, but throughout the world. **US**

Article contributed by Brian Moscogiuri
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Technomic sees continued opportunities in better burger restaurant category



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The limited-service burger segment is the largest menu segment by revenue in the restaurant industry. It is driven on one hand by McDonald's, which accounts for half of the segment's business, and on the other hand by a growing number of "better burger" concepts, upscaled fast-casual burger players.

Fast-casual burger chains grew sales by 20.8 percent last year, while all limited-service burger chains grew 3.7 percent; and Technomic sees plenty of room for continued growth, as fast-casual sales are currently only 3.2 percent of LSR burger-segment sales.

"Better-burger concepts have a lot going for them. First, they have the benefit of a basic and beloved menu focus. Raising the quality of the protein, bun, toppings and sides has been a winning formula. And a number of celebrity chefs have opened concepts that focus on burgers made with premium ingredients, helping to raise their profile," says Executive Vice President Darren Tristano. "Plus, the segment includes some of the rising stars of the industry overall." For example, Smashburger grew sales by more than 71 percent in 2011, and Five Guys Burgers and Fries increased sales by 24 percent.

In order to help restaurant operators and suppliers understand the opportunities with regard to "Better-Burger," Technomic has developed the Market Intelligence Report: Better Burgers. Noteworthy findings include:

Many full-service chains have gotten in on the better-burger action by adding gourmet burgers to their menus and have opened burger-focused spin off concepts offering build-your-own options.

Quick-service burger chains have raised the quality of their burger offerings as well.

Consumers place a premium on quality of their burger: 74 percent rank quality/taste of the meat or protein as the most important part of the burger.

Put some cheese on it. Cheeseburgers are the top hamburger type on LSR burger-chain menus.

Customization is key. Several fast-casual brands offer a build-your-own-burger option, where customers can choose from a variety of proteins, breads, cheeses, toppings and sauces.

Customization is key. Several fast-casual brands offer a build-your-own-burger option, where customers can choose from a variety of proteins, breads, cheeses, toppings and sauces. **UB**

Adapted from a story that appeared on Foodmarket.com on August 3, 2012



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Shrimp: from Sonora to the world

Similar to 2010, the 2011 Mexican shrimp season was very peculiar. After “white spot” virus issues caused production devastation to the 2010 season, the Mexican shrimp industry had a challenging year ahead of it; from farmers and packers, to brokers and traders. However, 2011 production was again hit by the virus, further exacerbating the same problems experienced the year prior. One of the few companies that managed to overcome those obstacles and also grow in terms of revenue was Ciudad Obregon’s CPC Aqua Proceso and its group of sister companies.

In the past two years Mexico’s farmed shrimp industry has struggled with production problems. Many farms lost entire crops, while others lost half or better. Financially sound CPC made an important expansion move. The company acquired a 1,000 hectare farm in the Kino Bay area, in Sonora, on the coast of the capital city of Hermosillo. This shift tripled CPC’s production capacity for the upcoming 2012 season. The group also has 500 additional hectares near its roots in Ciudad Obregón, Sonora.

“This is part of our consolidation process,” said Francisco Obregon, who leads the group’s processing and sales divisions. “At CPC we are currently focusing on having volume without compromising quality,” he further added.

In 2010, when Mexican shrimp production suffered, prices for larger count-sized shrimp rose dramatically. This meant that United States’ buyers of Mexican shrimp had to look for other sources, such as Thailand, Ecuador, and India. Yet, the quality of Mexican shrimp is still recognized and appreciated by many buyers. CPC became a complete solution to the shrimp needs of many in the United States.

Urnery Barry’s market reporter Angel Rubio had the honor of visiting CPC Aqua Proceso’s state-of-the-art facility which is not only world-class, modern, and high tech, but is also very efficient. “We think of our facility as an ICU (intensive care unit)...we cannot allow product temperature above 4 degrees celsius (39°F) at any given time while in the production line,” Obregon said. Full HACCP plans are strictly enforced. “We even produce all the ice used in-house in our own water treatment plant to verify its purity as food safety is our main concern,” he added. The ice is used out in the farms at the time of harvest making it easy to have shrimp arrive at the plant in insulated bins.

“We have to constantly reinvent ourselves or else we would be just another packer/shipper out there,” Obregon said. CPC Aqua Proceso is one of the only three plants currently certified not only by the FDA but also by the European Union.

“Europe has been slow the last two years, for now it’s a matter of service and presence, when the



CPC Aqua Proceso packs only the finest shrimp in the region with the “Sonora Shrimp” label, always working very close with its select group of growers, guarantying only top quality product.

right time and conditions come, we will be ready and our customers will have us present,” Obregon said alluding to the importance of covering strategic markets. “Additionally, we are also now ready and certified for China. China has a growing appetite for larger sizes that aren’t available locally or regionally,” he said.

CPC Aqua Proceso is also launching a new line of value-added products this year through its *Del Capitan* brand. The company has also put a new IQF tunnel online that will allow it to step into the retail segment. This added freezing capacity will expand packing and shipping by five million pounds this year.

Product is distributed through CPC’s subsidiary Marfresh, which is equally committed to the specialization and marketing of marine products and well known for offering total quality in every one of its operations.

“Constant market intelligence is what allows us to identify the best available opportunities,” said Norman Cruz the subsidiary’s operations director. “It has been a wild ride. It is clear for all of us in the business that it is becoming more difficult day by day to try to identify a pattern or trend using historical and current data. It is a tough game, but someone has to play it,” he added. **UB**

*Article contributed by Angel Rubio
Arubio@urnerbarr.com*



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Gooseneck info on the Web

The Gooseneck: This strangely-named cut of beef comes from the round. The item is sold both to the United States domestic market as well as to export destinations including Mexico and Russia. The gooseneck, which is also known as the bottom round is a very versatile item and can be used both as a roast and in some instances steaks which include round steaks, chicken fried steaks and Swiss steaks. The round is an end cut and, while it can be less tender than rib and loin cuts, it does not have much seam fat or marbling. It is said to run about 86% lean muscle. Value added cuts that come



from the gooseneck are western grillers. Parts of the cut can also be fabricated into the Merlot cut.

The gooseneck is one of the lowest priced items of the three main components in the round (gooseneck, knuckle, top round) complex, with average trading levels for the cut falling just below the top round and knuckle.

The gooseneck round is commonly divided into two smaller cuts, the eye of round and bottom round flat. For more about the gooseneck check out the video of Market Reporter AJ Munger cutting the gooseneck into different products. **UB**



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Separating the Eye of Round from the Gooseneck.



Bottom Round Flat (left) and Eye of Round (right).



Bottom Round Flat with strap removed.



Portioning Strap-off bottom Round flat into "Western Grillers."



Portioned "Western Grillers" (above) and Eye of Round Steaks (below).



Market Reporter AJ Munger and Account Manager Jamie Chadwick show viewers how to cut a Bottom Round, known in the industry as the "Gooseneck."



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Seasonality of shrimp

Today, the large majority of shrimp destined for the U.S. market is imported and farm raised, but seasonality remains an important factor in assessing the production of both wild catch and aquaculture shrimp. The seasonality of shrimp imports is impacted partly by demand (see graphics), but shrimp farming also has production cycles depending upon environmental conditions. Meanwhile, production of wild caught shrimp coincides with the natural life cycles of shrimp.

Most warm water species of wild catch shrimp produce an annual crop. In general, females lay between 500,000 and 1 million eggs each year, which hatch into free-swimming larvae that transform in a few weeks through a series of molts and stages into post-larval shrimp. These post-larval shrimp migrate into shallow estuarine waters where they develop into juvenile shrimp and then return as adults to ocean waters to spawn and start the annual cycle again. Changes in water temperature, salinity and water quality impact this cycle, and because different species spawn at different times, they are most abundant at different times of year.

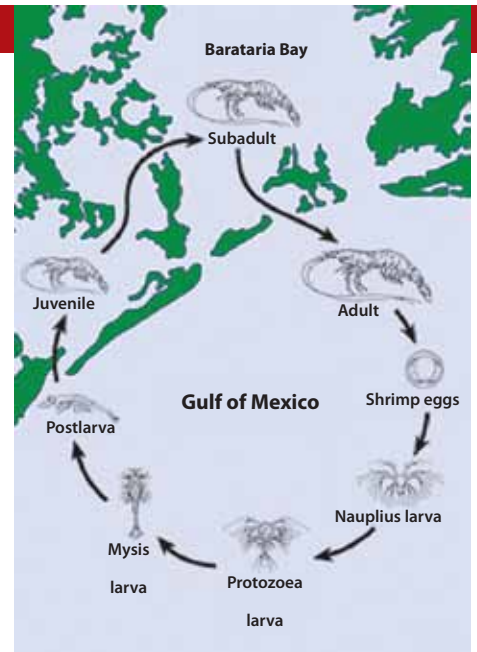
For example, brown shrimp in the Gulf of Mexico move out of marsh areas from May to July. White shrimp, which appear to tolerate freshwater better than brown shrimp, migrate offshore from July to November. Pink shrimp migrate out of the marshes from April to September. The shrimp harvest is managed by NOAA Fisheries and the South Atlantic and Gulf of Mexico Fishery Management

Councils in offshore federal waters; and state resource management agencies are responsible for inshore state waters. The dominant fisheries in the Gulf of Mexico are Texas and Louisiana. Texas waters are open to shrimping roughly July 15 to May 15. In Louisiana, two seasons span May 1 to July 15, and August 1 to Jan 30.

Northern shrimp have a markedly different life cycle. They are protandrous hermaphrodites; meaning they begin life as males and later transform to females. Northern shrimp start spawning in late July in offshore waters, and by early fall, adult females have pushed their eggs out onto their abdomens. In late fall and winter, egg-bearing females move inshore where the eggs hatch. Juveniles remain in coastal waters for a year or more before migrating to deeper offshore waters, where they mature. The East Coast *Pandalus borealis* harvest generally runs December through May in the U.S. and opens in April in Canada; while in Oregon, the *Pandalus jordani* season usually goes April through October.

Farmed shrimp are also subject to seasonal cycles which are dependent on environmental conditions and market demands. Typically, after a farm is stocked with post larval shrimp, it takes from three to six months to produce a crop.

Dependent on environment, different locales can yield one, two or three crops in a year. Growing areas like northern China, the United States and northern Mexico, produce one crop each year, while semi-

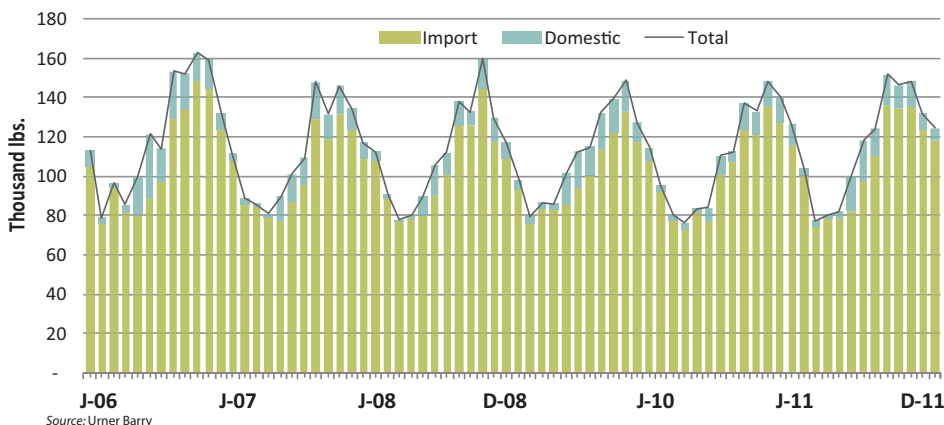


tropical countries can produce two crops per year. Some farms near the equator, with year-round warm temperatures, can produce three crops a year, although this is not common.

Most imported farmed shrimp from Mexico, for example, are of larger size and are farmed in a single annual season beginning in April and ending with final harvests in November. Two-cycle farms in Mexico tend to produce smaller shrimp for domestic sale, with harvests in May or June and then again in November.

Shrimp are harvested from ponds by draining the ponds through nets. Shrimp may be harvested with the aid of peak tidal flows of the full and new moons. In addition, shrimp are more active during these times and are easier to catch. These harvest periods are called “aguas” in Latin America and a “goon” throughout Asia. Soft-shell or recently molted shrimp have a lower value. The harvesting of shrimp is timed to limit the occurrence of molting shrimp. Molting of shrimp can be induced by many factors including changes in water temperature, salinity, such as heavy rain, and moon cycles. Harvesting of shrimp during the new moon period may contribute to fewer soft-shell or molting shrimp as shrimp tend to molt during the full moon. Smaller more intensive shrimp ponds; particularly in Southeast Asia, rely less on moon cycles and harvesting occurs all season long. **UB**

U.S. Shrimp Supply Seasonal Cycles



Article contributed by James P. Kenny
 Jkenny@urnerbarry.com

The overall seasonal cycle in the U.S. supply is reflected in these month-to-month variations:

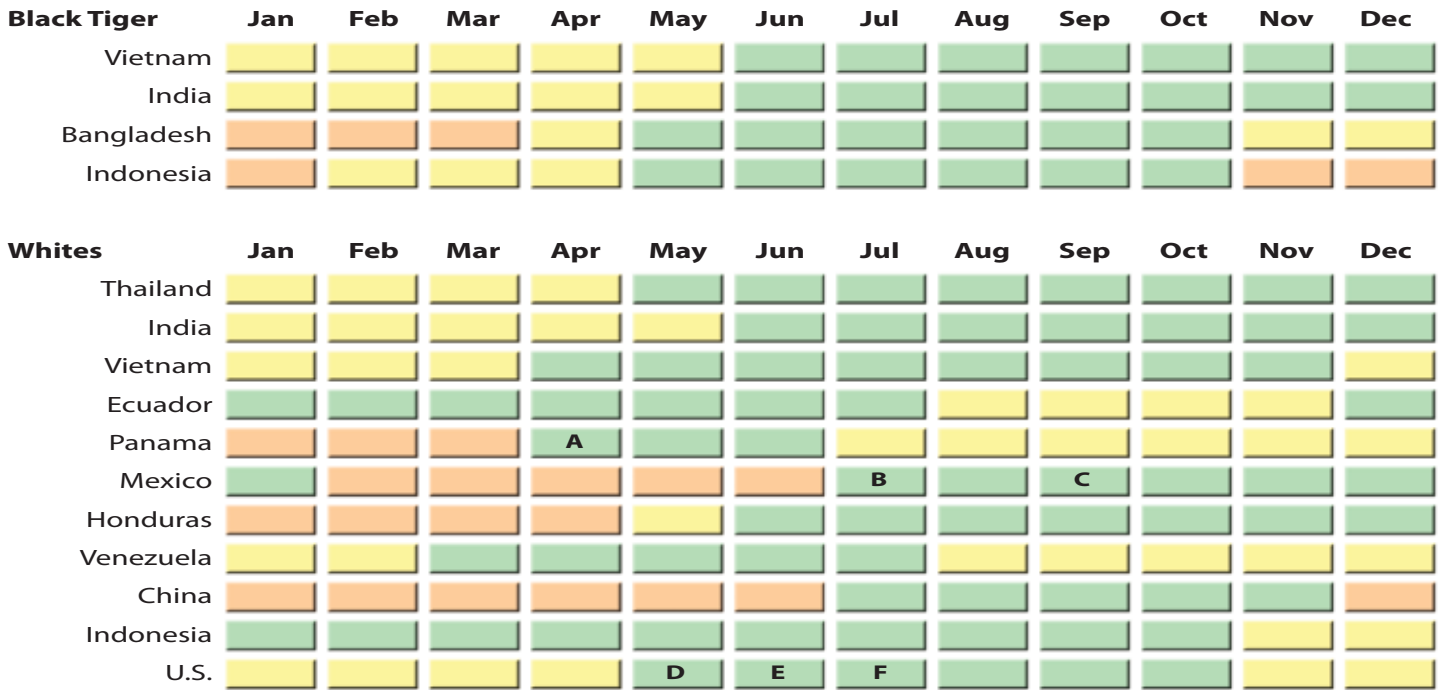


Chart Legend

Out of Season
 Limited Production
 In Season

A. BIG Whites **B. Aquaculture** **C. Wild** **D. Pud's** **E. Louisiana whites** **F. Texas browns**



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From the recipe box...

Coconut Chicken Tenders

Coconut chicken—that perennial favorite where just the name alone conjures up images of tropical breezes and cold Pina Coladas. With summer just ending, what better item is there than coconut chicken to inject a little great tasting sunshine into an everyday meal? The origin of coconut chicken is not exactly part of traditional American fare or folklore. Chicken as a meat has been depicted in certain primitive carvings dating back all the way to around 600 BC. Although we have to assume that coconuts have been around as long as or longer than chicken has been used as a protein, the first time it was mentioned in English print was in the middle of the 1500s. Meaning monkey face, the name coconut is derived from the Spanish and Portuguese



explorers who found a resemblance in the three round indented markings at the base of the coconut to a primate's face. So it is probably safe to say that sometime in the next several decades, someone looking for

a new way to serve chicken, assembled chicken and coconut and a new taste sensation was born.

So if you're looking for a bit of sunshine and the weather outside isn't cooperating, get out the chicken, break open a coconut and enjoy the Reporter's Coconut Chicken Tenders!**UB**

*Article contributed by Russell W. Whitman
 Rwhitman@urnerbarry.com
 Recipe prepared by Rusty Dean
 Rusty@urnerbarry.com*



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COCONUT CHICKEN TENDERS

INGREDIENTS:

- 2 lbs chicken tenders
 - 2 cups panko bread crumbs
 - 2 cups sweetened coconut flakes
 - ½ cup cornstarch (this is mixed with the coconut and bread crumbs)
 - 1 cup Pina Colada mix
 - 2 tablespoons powdered sugar
 - 6 tablespoons coconut rum (or 6 tablespoons water or half & half of each)
 - 1 cup cornstarch
 - Peanut oil or canola oil for frying
- Mix bread crumbs, ½ cup cornstarch and coconut flakes in a deep bowl and set aside.

Combine the Pina Colada mix, powdered sugar and rum (or water) in a small mixing bowl and set aside. Place 1 cup cornstarch in a separate dish.

Heat the oil for frying. Coat the tenders first in the cornstarch, then into the Pina Colada mix then dust the chicken in the breadcrumb-coconut mixture.

Place prepared chicken carefully into the hot oil. Fry until golden brown and drain. Serve with Pina Colada dipping sauce and peach and pineapple salsa (see below).

PINA COLADA DIPPING SAUCE

- 1 cup Pina Colada Mix
- ¼ cup water
- 2 tablespoons crushed pineapple, drained
- 1 tablespoon and 1 teaspoon sweetened coconut flakes
- 3 tablespoons and 1 teaspoon powdered sugar

- 1 ½ teaspoons cornstarch
- 3 teaspoons cold water

Mix together Pina Colada mix, water, crushed pineapple, coconut and powdered sugar in saucepan. Heat mixture on medium-low temperature until sauce begins to simmer, stirring frequently. Let mixture simmer slowly 10-12 minutes. Mix cornstarch and cold water together and add sauce blending well. Let this simmer for 3-5 minutes longer while stirring during and after adding cornstarch. Remove from heat and bring to room temperature.

PEACH AND PINEAPPLE SALSA

- 2 small peaches, halved, pitted and cut into ½ dice (if fresh peaches are unavailable, use canned, sliced peaches, diced equaling 1 cup)
- 4 tomatoes, chopped
- 1 red onion, diced
- 1 red pepper, diced
- 1 yellow pepper, diced
- 1 cup diced, fresh pineapple
- 1 cup chopped fresh cilantro
- 1 clove garlic, minced
- 2 Tablespoons lime juice
- 1 teaspoon salt
- 2 tablespoons white sugar
- ¾ cup water

Place peaches, tomato, onion, red pepper, yellow pepper, pineapple and cilantro in a mixing bowl. Stir in garlic, lime juice, salt, sugar and water. Cover and refrigerate at least one hour.



Strolling through succulent

San Antonio

When one thinks of San Antonio the first image that might come to mind is the Alamo. While that remains a historical icon, the life of San Antonio really comes from the one-of-a-kind River Walk. Here you will find a center of cultural diversity and hundreds of great places to eat and hang out. If you're looking for fun, touristy things to do, a trip down the river gives you a glimpse of some of the most exciting spots in Texas.



San Antonio Riverwalk

©iStockphoto.com/ Greg Fellins

If you happen to be coming to town in October for the Meat Importers Council of America or the NAMP Outlook Conference, you'll be happy to know that, in addition to being culturally diversified and a lot of fun, when it comes to dining San Antonio's reputation for Tex Mex and Latin-oriented food is well deserved. This is especially true on the River Walk with places like *Rio Rio Cantina* and *Rita's on the River*, but there is certainly much more. Go

beyond Latin cuisine with Mediterranean temptations like *Oro Restaurant and Bar*. The Pearl Brewery complex of the River Walk features the Culinary Institute of America,

restaurants, shops and live entertainment at a newly opened amphitheater and remains a consistently favorite spot for locals.

San Antonio's cultural heart creates an authentic and exciting dining experience. From French cuisine to good old-fashioned comfort food, downtown San Antonio has something for everybody. The Market Square is America's largest outdoor market and you can find all kinds of shops, restaurants, working artists, musicians, and major cultural festivals. If the theatre suits your fancy, there are many great restaurants offering a fantastic pre-theater menu like *Citrus* at the Hotel Valencia River Walk which offers a critically-acclaimed three course prix fix.

San Antonio is a very exciting region filled with rich culture and great food. It is a place where one can simply just walk around town and have plenty to do in a day. The River Walk is one of the nation's hottest spots for eating and it's centered in culture and history that provides fun from all perspectives. So the next time you're in the "River City" treat yourself to the culinary delights that help make San Antonio succulent. **UB**

Article contributed by Russell W. Whitman and Jack Gurrentz
Rwhitman@urnerbarry.com

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India's beef exports skyrocketing

World beef exports have been steadily climbing, and the cream rising to the top is India. The cow is considered sacred in India; it is a symbol of fertility and

generosity, and it is considered a sin, as well as illegal, to kill a cow in most Indian states. But buffalo meat is the hot new item hitting the market and India has it by the

horns. "Carabeef" is considered beef in the USDA's estimates, and has India's export numbers skyrocketing. The USDA would go as far as to proclaim in a USDA World Markets report that "India is forecast to become the world's leading beef exporter in 2012." (USDA World Markets)

India, the country with the highest percentage of vegetarians, is set to gain an even greater foothold in the "beef" market. This growth is so positive "due to an expanding dairy herd, efficiency improvements, increased slaughter and price competitiveness." All these changes point to a brighter future in India's beef export success. Already, India has (at the time of this writing) exported \$1.24 billion worth of meat this year; Experts predict a 30% increase in revenue in 2012 over revenue from 2010 exports.

Not everyone's future is as bright. As India's exports grow, Australia's presence is becoming overshadowed. India's herd now numbers 63 million, compared to Australia's 26 million. Australia will still have ample opportunity to sell beef, but India's fierce competition, as well as a burgeoning export market from Brazil, has Australia preparing for losses. The bulk of Indian exports go to the Middle East and Southeast markets which, until recently, had been controlled by Australia. India's proximity to these markets is closer in many cases, and a substantial Hindu population in large Arab nations would lean toward the more kosher beef from India. Many Arab countries are starting to want beef which haven't in the past; this may put India on top by the end of the year, according to a U.S. Beef Export Federation study.

Buffalo meat is the hot new item that is only going to get bigger. A vegetarian nation like India would be the least likely suspect, but a niche was there and a niche was filled—and then some. Buffalo meat is a trend that is developing into a very prosperous market for India, and opening up new opportunities in the Middle East. **U**

Article contributed by Frank McQuarrie Jr.
Fmac@urnerbarry.com



"India is forecast to become the world's leading beef exporter in 2012."

Large male Asiatic Buffalo, Assam, India

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Turkey - a triple whammy in the deli?

Article contributed anonymously
by a concerned industry player

The turkey industry will soon be facing a crushing reality shock. Everyone's been talking about the current and future prices of feed, the increasing amounts of product in cold storage and, with the exception of some increased export demand, a general lack of business. What no one is talking about are the actions of the consumer in the slowing economy. Where and on what type of products will the financially-burdened consumer spend the limited dollars available? What will be the pricing and accessibility of competing deli meats or other finished home meal replacements? Experts are already predicting that Americans will do more food shopping in less conventional manners.

According to "The Supermarket Guru" Phil Lempert, in a group of predictions he co-authored with ConAgra Foods, there will be increased shopping at non-traditional food stores and trading down to less expensive options. The majority of these alternative food stores do not have a deli counter.

We will shortly be seeing food inflation impacting the consumer just as the world's economies slow even further. According to the USDA, U.S. consumers may pay 3 to 4 percent more for food next year, as the affects of the country's worst drought

since the 1950s work their way onto supermarket shelves. Will the American consumer continue to step up to the deli counter and order \$10.99 a pound turkey breast; or will she step down to a lower priced, lower quality and higher injected product for \$7.99? Is it possible that this lower priced product could become a new norm? Or will our consumer return to the higher quality products and just order less? Once again, according to Mr. Lempert, we should "look for consumers to shave costs by augmenting their recipes by decreasing the amount of the more expensive meats and seafood and adding more non-meat proteins..."

I believe that the consumer will do all of what's being suggested and, in fact, already has started to once again change shopping patterns. Craig Herkert, the chief executive officer of Eden Prairie, Minnesota-based SuperValu, said in a recent investor conference call that more expensive food has already eroded purchasing power at the company's Save-A-Lot stores. Retailers are increasingly advertising lower quality deli products in their weekly circulars. Newspapers and other media outlets



The ubiquitous turkey sandwich isn't likely to go anywhere soon but the quality of the meat that goes between the bread is of serious debate and an issue for turkey processors.

©Stockphoto.com/Lauri Peterson

have prepped the consumer on how to save precious disposable income with the coming drought induced food inflation. All express the idea of staying away from the more expensive prepared foods, cook it at home and use the leftovers for the family's lunchtime sandwiches.

If these trends continue, the demand for turkey breast meat and related items like institutional toms and large bone-in breasts will decrease, and supplies in the cold storage freezers will increase, perhaps dramatically. With additional production on tap for 2012, and more in store for 2013, the turkey business will have the triple threat of high input costs, higher production and lower demand in both the retail deli case and the local sandwich shops.

If our projections are correct and these scenarios all coincide, then the turkey business will once again be facing a loss of operating plants, growers and all the related jobs in associated support industries. Hopefully, there will soon be additional declines in future egg and poult production. Current data as shown in both the USDA and Urner Barry turkey hatch reports show some restraint which may help stem the tide.

In the meantime we can only hope that a hard look at the present state of affairs will be taken by people who can make a difference in the industry's future and act quickly. **UB**

Factors impacting deli consumption:

- ✓ Real median household income declined between 2009 and 2010
- ✓ Real disposable income is 6% below the beginning of the 2007 recession and has been around a flatline since May 2010
- ✓ Corn prices have increased about 66% since September 2006
- ✓ Total cold storage of turkey breast is up 11% or about 10 million pounds over the same period in 2011
- ✓ Total live weight of turkeys slaughtered YTD 2012 is up more than three percent.
- ✓ 2012 Per capita consumption is forecast at 16.3 pounds, more than a pound less than in 2002

Butterball, LLC: worker safety for

By Brian Rodgers,
corporate director of safety and
risk management, Butterball, LLC

A robust worker safety program offers a number of benefits to meat and poultry producers. By helping producers ensure the health and safety of associates, effective safety programs can also lead to increased productivity, improved morale, reduced absenteeism and reduced expenses associated with injury and illness.

As the nation's largest turkey producer, Butterball, LLC implements an industry-leading worker safety program throughout its operations nationwide. Adopting standards developed by the federal Occupational Safety and Health Administration's Voluntary Protection Program (OSHA VPP), Butterball is dedicated to upholding stringent procedures and preventative programs that lead to reduced injury and illness and increased productivity. In 2011 alone, Butterball reported a total recordable injury rate that was 48 percent better than the Bureau of Labor Statistics (BLS) poultry industry average and a workers' compensation expense per employee that was 56 percent better than the BLS poultry industry average.

Butterball's safety program is based on a strategic model of five key values:

- *Nothing we do is worth getting hurt.*
- *Occupational health and safety can be managed.*
- *Every injury and illness could have and should have been prevented.*
- *Occupational health and safety is everyone's responsibility.*
- *Personal accountability for safety performance is a condition of employment.*

These principles serve as the backbone for all management and employee decisions regarding worker safety.

INVOLVEMENT, IMPROVEMENT AND SUPPORT

Of the many factors that help make Butterball's safety program so successful, three rise to the top: encouraging and mandating employee participation, relentless focus on continuous improvement and strong senior- and executive-level support.

Butterball encourages its employees to strive for achievement, improvement and excellence in all aspects of worker safety.

By setting quantifiable goals, the company motivates associates to personally commit to their own safety on the job as well as to the safety of their peers. Butterball also promotes its safety message throughout its facilities through newsletters, internal recognition programs and company-wide initiatives. This encouragement helps inspire morale, cohesion and understanding of the importance of safety among associates.

Also imperative to the company's worker safety success is a relentless focus on continuous improvement. From a corporate perspective, Butterball has high expectations for the deliverables

at each facility, helping the company to maintain excellence throughout all of its operations. Through internal and external audits, open communication throughout the company and goal setting, the company undergoes ongoing reviews of its programs to improve operations.

Management support of, understanding of and commitment to worker safety is essential in furthering the company's success in achieving worker safety goals. At Butterball, senior level executives are intimately aware of the issues that each facility has to address and are involved in the company's overall loss-control efforts. With supportive management leading the company and encouraging employee involvement, Butterball adheres to a top-down and bottom-up approach, a significant component of Butterball's worker safety program.

INTERNAL AUDITS

Butterball sets strategic corporate and facility goals annually based on key performance indexes including injury, incident, loss-time and restricted rates. In addition, each Butterball facility is tasked with delivering injury rates at least 50 percent better than the industry average.

To ensure goals are being met and surpassed, each facility is required to participate in an annual corporate safety audit conducted by peers. Depending on the size of the location, the length of time spent on these audits can range from three to five days.

Composed of 52 subject areas, the audits act as a complete autopsy of each facility's safety process, thoroughly inspecting both regulatory and behavioral compliance. At least 10 percent of the employee population is interviewed personally, allowing team members the opportunity to address aspects of worker safety the facility has excelled in as well as areas of improvement.



Implementing an automated deboning system has helped Butterball, LLC streamline operations and maximize poultry sales while creating a safe and ergonomic workspace for its employees.

overall business improvement

At the completion of the safety audit, scores are compiled to reflect each facility's performance. If improvement is needed, an action plan is established and depending on the severity of the issue, the facility will have a set period of time to satisfy the recommendations of the audit team.

Action plans are announced to the entire company, bringing corporate and peer attention and encouraging facility management to quickly and effectively resolve any issues. In early 2011, the Mount Olive, N.C., facility faced worker safety challenges brought on by higher employee turnover and an increase in the variety of languages spoken at the facility. By year-end, the facility implemented an improvement action plan based on the audit's findings. During the first three months of 2012, the facility has experienced a 55 percent increase in recordable injury rate improvement.

INDUSTRY ACHIEVEMENTS

In addition to implementing internal programs and audits, Butterball adapts industry practices and standards. Butterball's five plants—located in Carthage, Mo., Jonesboro, Ark., Ozark, Ark., Huntsville, Ark., and Mount Olive, N.C.—are all active participants in OSHA VPP.

As a VPP site, OSHA works with management and labor teams to proactively prevent work-related injuries and illnesses through a system designed to maintain a safe workplace. The system focuses on associate training, site analysis, hazard prevention and management commitment. All members of the facility



The Butterball, LLC Huntsville facility recently celebrated 7 million worker hours without a lost-time injury. This achievement represents five years without a work-related injury or illness by the facility's 630 employees, further demonstrating the success of the company's award-winning employee safety program. (left to right) Brian Rodgers, corporate director of safety and risk management, Butterball, LLC, Donna Emmitt, safety chair, Butterball, LLC and Jim Gilbert, safety manager, Butterball, LLC

are involved with the OSHA process and undergo a meticulous onsite evaluation every three years in addition to our annual internal audit.

Both the Ozark and Huntsville facilities in Arkansas hold the OSHA VPP "Super Star Among Stars" title—a certification indicating the highest attainable safety rating for facilities. This level denotes achieving injury and illness rates of 50 percent or below the national poultry industry average, in addition to meeting stringent VPP criteria for safety and health programs. Moreover, Butterball's commitment to exceeding industry standards in worker safety has been recognized by the American Meat Institute (AMI) with multiple awards

for merit and honor. Collectively, the company has achieved more than 13 million hours accumulated without lost-time injury.

While the company, like many others in the industry, has to overcome associate challenges throughout its operations, driving safety messages down to the floor level is still a top priority. This strategy for safety helps reduce absenteeism and improve productivity, as well as assists in showing key customers that the Butterball brand offers a natural extension of their business operation and stewardship program. Dedication and commitment to creating a safe workplace not only protects Butterball team members, but also results in a more efficient and commendable performance throughout our entire company. **UB**



As the nation's largest turkey producer, Butterball, LLC implements an industry-leading worker safety program throughout its operations nationwide. During the first three months of 2012, the Mount Olive, N.C. facility experienced a 55 percent increase in recordable injury rate improvement, supporting the company's commitment to continuous improvement.

Making the rounds with *UB's*



Built in 1888, San Diego's iconic Hotel del Coronado was a classic venue for one of the poultry industry's most classic events.

USA POULTRY AND EXPORT COUNCIL ANNUAL MEETING

This past June, San Diego's legendary Hotel Del Coronado was the venue for USAPEEC's highly anticipated Annual Meeting. Although a cool and somewhat dreary "June gloom" was on hand during much of the event, that did not dampen the spirits of attendees or the depth of coverage on the issues facing U.S. poultry and egg exports. The *Reporter* was on hand when Michael Scuse, undersecretary for farm and foreign agricultural services, told members steadily increasing exports of meat and poultry benefit all of U.S. agriculture, and that the USDA is forecasting total U.S. agricultural exports for fiscal year 2012 of \$134.5 billion, the second highest on record. This was just one of many topical tidbits that were revealed over the course of the three day event. In a presentation about the competitiveness of U.S. poultry, Rabobank's Adriaan Weststrate said that chicken will remain the fastest-growing meat protein in the U.S. while the general session was rounded out with a discussion on the Mexico anti-dumping case against U.S. chicken processors. A beachside opening reception, golf and a wonderful USAPEEC hosted awards luncheon under a more typical California blue sky provided great opportunities for networking and to have a little fun. Next summer

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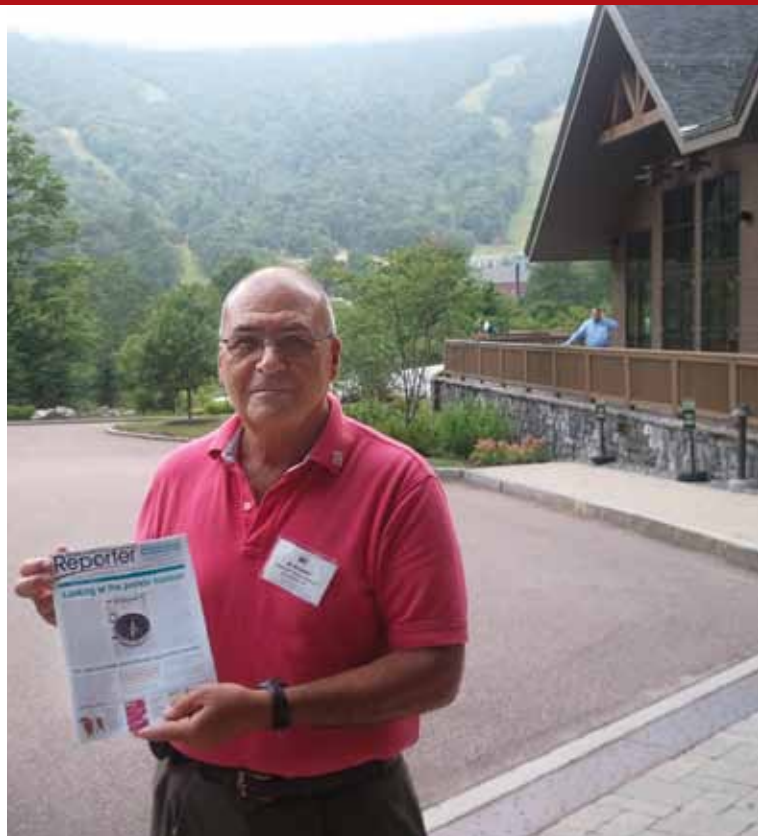
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Reporter

USAPEEC will be hosting this event in colonial Williamsburg, Virginia. The *Reporter* hopes to see you there!

NATIONAL CHICKEN COUNCIL MARKETING SEMINAR 2012

Uerner Barry's Reporter recently visited the National Chicken Council's and National Poultry & Food Distributors Association's 2012 Chicken Marketing Seminar in Stowe, Vermont. Held July 15-17 at the Stowe Mountain Lodge, the seminar was attended by a variety of poultry industry affiliates. Representation was broad across the business spectrum and included processor marketing and sales managers to national and independent food distributors along with supermarket and foodservice buyers just to name a few. Topics of discussion incorporated trends in food marketing, consumer purchasing behavior and new product features to enlighten and educate attendees. Analysts also provided market forecasts for chicken and competing meats. Always a highlight, this year's "Supermarket & Foodservice Roundtable" consisted of speakers from Foodmaster, C&S Wholesale Grocers, Delaware North Companies and Popeye's Louisiana Kitchen. Next July the *Reporter* is already making plans to attend the 2013 event scheduled for July 21-23 at the beautiful Coeur d'Alene Resort, Coeur d'Alene, Idaho. **UB**



NPFDA President Al Acunto of Preferred Freezer Services is pictured outside the beautiful Stowe Mountain Lodge with Uerner Barry's Reporter.

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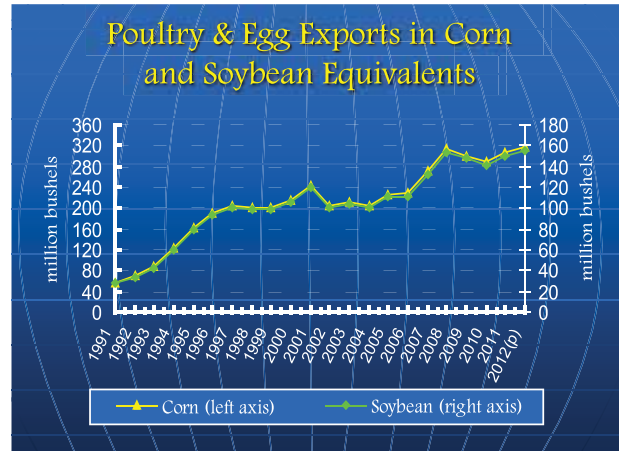
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Poultry exports imitating inputs

With the recent rise of input costs revolving around soybean and especially corn, here we review the correlation between poultry exports and these primary feedstuffs. The chart (right) presents a visual which portrays a “one to one” correspondence between the growth of poultry and egg exports and the bushel equivalent of corn and soybean shipments over the past two decades. This relationship is not necessarily as surprising as it is intriguing. As poultry and egg exports grew, so did the burden on farmers to raise enough grain to feed the birds. With domestic growth and international expansion, grain requirements advanced to greater levels than ever and prices skyrocketed. Now, as corn and soybean values advance, rumors of production cutbacks to counter higher input prices have started to make their way around the industry. With that in mind, it will be interesting to see just how significant these reductions are, if they amount to anything at all, and how the

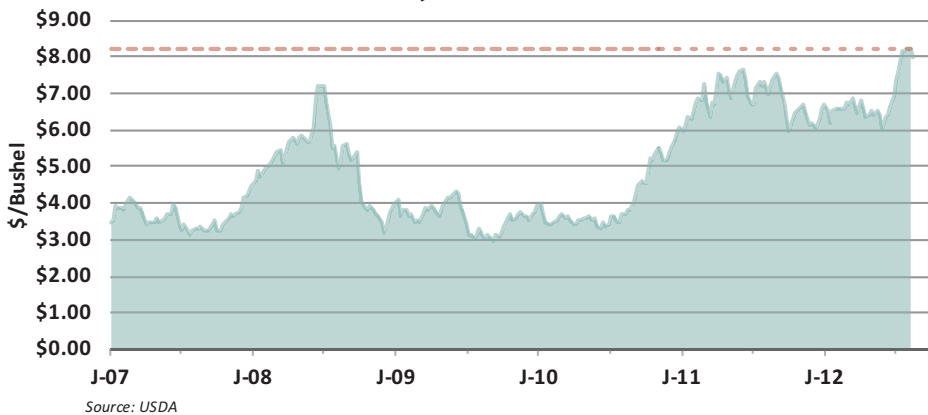
decision to feed fewer birds will affect input values and export tonnages of them.

A major issue influencing the poultry markets, and most commodity markets for that matter, has been the recent rise in the price of corn. Recent, in this case, refers to the last five years. In 2007, following the ethanol mandate, the cash price of corn skyrocketed to just under \$8/bushel. It quickly retreated back to around \$4 but this was certainly a sign of things to come. Late in 2010, the value of corn advanced again to similar price points recorded from three years prior. This time, a main culprit of the higher prices was a drought affecting a number of the major crop areas. Since 2010, the cheapest corn has been is just under \$6. Many throughout the industry believed

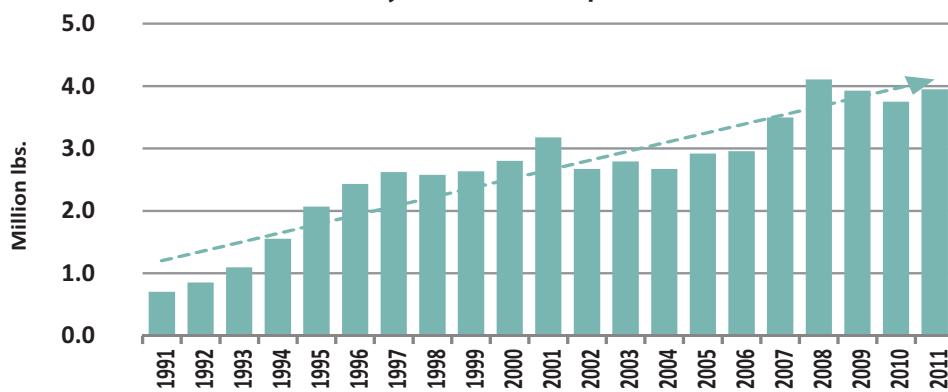


that these values would continue to retreat with the progression of 2012, but yet another drought proved otherwise. Now with cash corn hovering in the middle \$8.50/bu range and near term futures not much below that, along with forecasts of a continued lack of precipitation, there’s not much reason to believe that this theme will end any time soon.

Kansas City No 2 Yellow Corn



Poultry, & Products Exports



In the past two decades, with the exception of a select few years, the total exports of poultry delivered from the United States has advanced at a fairly steady pace. The chicken and turkey industries have grown domestically as international requirements have expanded. Over the last five years alone, exports of poultry to the remainder of the world have increased by just over 11 percent. The retreat of the Russian quota influenced these numbers negatively at the end of 2009, but levels are rebounding according to 2012’s USDA data. The year-to-date figures as of May 2012 were tracked at 11.5 percent superior as compared to the previous year. Countries in the Caribbean, Sub-Saharan Africa and Central America have assisted largely in the absence of Russian business relative to the early 2000s. With the Russian quota dwindling consistently over the last few years, these alternative avenues of export will be all the more important if the U.S. frozen poultry markets are to remain supported. **UB**

Contributed by James Serpico Jserpico@urnerbarr.com and Russell W. Whitman Rwhitman@urnerbarr.com

Test your knowledge:

Clams

1. How old is the oldest clam to ever be recorded?
A. 220 years
B. 405 years
C. 374 years
D. 333 years
2. How much did the largest clam ever recorded weigh?
A. 540 lbs
B. 375 lbs
C. 750 lbs
D. 931 lbs
3. How can you tell a clam's age?
A. Length
B. Weight
C. Number of rings on shell
D. Birth Certificate
4. What do clams typically feed on?
A. Plankton
B. Worms
C. Algae
D. Burgers and Fries
5. What is the current world record for the most clams eaten in six minutes?
A. 120
B. 312
C. 264
D. 512
6. How many different species of clam are there?
A. 235
B. 690
C. 3,000
D. 1,175
7. The Quahog clam is the Official Shellfish of what U.S. State?
A. Maine
B. Massachusetts
C. New Hampshire
D. Rhode Island
8. Clam shells have been used for each of the following EXCEPT:
A. Form of Currency
B. Buttons for fastening clothes
C. Fed to chickens to help harden the shells of their eggs
D. Gardening to help cultivate the soil



Article contributed by Terence Wells
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See answers on page 70

Creating enhanced profit opportunities for the beef industry...

National beef tenderness study

When it comes to beef, consumers are willing to pay a premium for tenderness, juiciness and flavor. And while the rib and loin traditionally command a higher price due to their higher palatability aspects, there are opportunities to be had within the chuck and round. As identified in the latest edition of the National Beef Tenderness Survey, funded by the Beef Checkoff Program, there are cuts from the chuck and the round that can be marketed as tender, creating enhanced profit opportunities for

the beef industry. The report also pinpoints cuts from all primals that need improved tenderness ratings and reveals the industry trends responsible for increased tenderness, including increased aging times, and longer and slower chill rates.

In 2010/2011, the Beef Checkoff commissioned the fourth National Beef Tenderness Survey to quantify tenderness as compared to previous surveys. The industry has been tracking beef tenderness

for 20 years with the first benchmarking survey conducted in 1990 and subsequent surveys taking place in 1999, 2005 and 2010. Researchers at Texas A&M University led the effort with collaborative support from Texas Tech University, California Polytechnic State University, the University of Florida, the University of Missouri, North Dakota State University, Oklahoma State University and Penn State University. Twelve U.S. cities were selected for sampling and each city was sampled once between March 2010 and February 2011. In each city, two to three retail chains, representing at least one-third of the total-area-market share, were sampled for product in four stores per chain. Therefore, a total of eight to 12 supermarket stores per metropolitan area were sampled. Foodservice facilities also were sampled in five U.S. cities. Foodservice cuts were tested by a consumer sensory panel because the consumer's perception of tenderness is the ultimate determinant of a cut's success.

"Beef quality, when you think about it, means a lot of things to a lot of people, but to a consumer, quality has everything to do with consistency, flavor, tenderness and overall taste," said Bridget Wasser, Senior Director, Meat Science & Technology, National Cattlemen's Beef Association, contractor for the Beef Checkoff Program.

The 2010-2011 survey was the fourth in the series to quantify the current status of tenderness compared to previous surveys. The findings? Most steaks evaluated in the 2010-2011 survey were considered tender and similar to steaks evaluated in 2005-2006. The least tender cuts continue to be from the round, suggesting the need for improved aging practices and increased consumer education focused on proper preparation and cooking to enhance consumer satisfaction.

The 1999 survey revealed a 20 percent increase in tenderness as compared to

Other Significant Findings of the 2010/2011 Survey include:

- ✓ Approximately 64% of retail cuts were labeled with a store brand. Results of the 2005/2006 survey showed 47% of cuts with a store or packer label.
- ✓ Retail beef was aged an average of 20.5 days compared to 22.6 days in 2005/2006. The aging period for retail cuts ranged from 1 to 358 days as opposed to a range of 3 to 83 days in 2005/2006. The mean percentage of subprimals aged less than 14 days increased from 19.6% in 2005/2006 to 35.7% in 2012/2011.
- ✓ For foodservice cuts, the average aging time remained relatively constant at 28.1 days compared to 30.1 in 2005/2006. The aging period for foodservice subprimals ranged from 9 to 67 days.
- ✓ As seen in previous surveys, steaks cut from the rib and loin were the thickest whereas steaks from the round and chuck were cut the thinnest.
- ✓ In foodservice, steak thickness averaged between 2.91 cm and 2.95 cm.
- ✓ Foodservice top loin steaks had the highest percentage of steaks in the "very tender" category.
- ✓ Comparing retail cuts, consumer sensory panelists rated the Top Blade[®] Steak, the boneless Ribeye Steak, the boneless Top Loin Steak and the bone-in Top Loin Steak the highest for overall like. Consumers rated the Top Blade Steak and the Boneless Ribeye Steak the highest for tenderness.
- ✓ In retail, the Top Sirloin Steak, Top Round Steak, and Bottom Round Steak were rated lowest by consumers for overall like, tenderness like and tenderness level.
- ✓ Among foodservice cuts, the Top Loin Steak took all honors, rating highest across all attributes, including overall like, tenderness level, flavor like, flavor level, juiciness like and juiciness level.
- ✓ Among foodservice cuts, USDA Choice and ungraded Ribeye Steaks received the lowest ratings for overall like than did all other grades, while USDA Prime Ribeye Steaks received the highest ratings for tenderness like, tenderness level, juiciness like and juiciness level when rating grade.



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1990. The increased tenderness noted from 1990 to 1999, to a large extent, is attributable to the Beef Checkoff-funded science which has increased the industry's understanding of beef palatability.

Results of the 2005-2006 survey showed an 18 percent overall increase in tenderness

“Results ... have been important in setting priorities for additional research that needs to be conducted in product enhancement...”

as compared to 1999. However, authors of the 2005-2006 survey suggested that efforts still were needed to emphasize appropriate cooking methods for the variety of available retail cuts.

Results from the National Beef Tenderness Survey have been important in setting priorities for additional research that needs to be conducted in product enhancement, to look at where there are gaps in information or lack of information in certain areas.

For more information on the National Beef Tenderness Survey, visit BeefResearch.org. **UB**



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How beef gets from farm to plate

In the last 100 years, the number of farmers in the United States has declined considerably. In the early 20th Century, nearly one-third of all U.S. citizens claimed farming as their means of gainful employment. Today, that percentage is less than 1%. As the majority of the U.S. populace moves farther away from its agrarian roots, it is becoming increasingly important for farmers and ranchers to articulate their story to consumers.

For beef, that story begins with having a good understanding of the life cycle of cattle and how ranchers raise

calves that will eventually become high-quality beef.

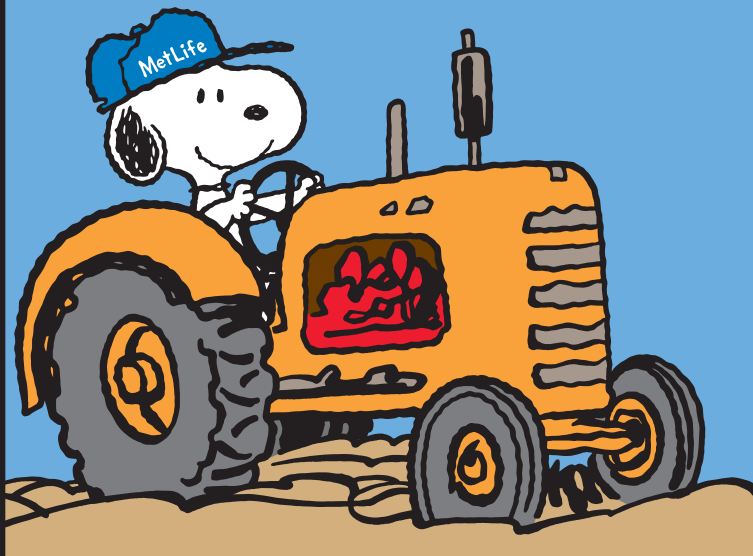
In the United States, the story begins with the cow/calf producer. These hardworking men and women are the backbone of the industry. Advances in agricultural technologies continue to reduce labor costs and automate tasks for many sectors of agriculture, but cow/calf producers are still raising cattle much the same way they did 50, or even 100 years ago.

The beginning of a calf's life cycle starts with breeding. Females (heifers and cows) are turned out with bulls in either the summer or late fall. Since gestation for cattle is

about nine months, a cow or heifer bred in the summer will calve the following spring. If they are bred in late fall, calves will hit the ground in late summer or early fall. Producers choose their desired calving season depending on when they have the best access to forages since the first three months after a calf is born is when cows require the most energy.

After 5-8 months, calves are weaned, which means they are sorted from the herd and taken to pastures with other calves their same age. This is called

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stocking or backgrounding in the industry. Some cow/calf producers will background their own calves, or they will sell them to producers called stockers, who only background calves. Also at this point, producers generally will select the female calves (heifers) that they want to keep back for breeding purposes to replace the aging cows that will be culled (removed from the herd) prior to the next breeding season.

Some calves will also be sent directly to feedyards instead of pasture and fed low-energy rations.

This provides the same type of low-cost growth as backgrounding, but in a more controlled environment.

Eventually, all young cattle destined for meat production will end up at a feedyard (except, of course, for grass-fed cattle). While at the feedyard, cattle feeders will work with animal nutritionists to develop rations according to where calves are in their growth phase. As calves mature, they will be fed higher-energy rations until cattle feeders

estimate the pen average has reached its maximum potential for growth and carcass quality. This can take anywhere from 3-8 months, depending on what the pen weighed upon entering the feedyard.

Once the pen of cattle has finished, feeders will negotiate with packer buyers to market

their cattle. Depending on the type and quality, feeders can decide to sell the pen based on live weight, dressed weight, or a marketing grid, which awards feeders premiums and discounts based on the carcass quality and yields.

Hopefully this short tutorial provides you with some insight into how beef makes it to your dock or to your kitchen. And the next time a customer asks you, "Where's this steak from?"— you can explain to them the real story of how hardworking men and women take considerable care in providing this country with high-quality beef. **LB**

*Article contributed by AJ Munger
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A table where all are welcome and hope is delicious...

JBJ Soul Kitchen: a community restaurant with no prices on the menu



Photo courtesy JBJSoulKitchen.org

The JBJ Soul Kitchen Welcomes Mario Batali- Happy Are The Hands That Feed - (Top left: Justin, Jon, Zeet, Patrick, Chef Terrence, Elizabeth, Ryan, Chef Frank, and Erika. Bottom Left: Chef Lou, Chef Mario Batali, and Executive Sous Chef from Babbo).

Being established in a repurposed auto body shop is the first thing that makes JBJ Soul Kitchen unique; ownership by New Jersey rocker Jon Bon Jovi is the second. Yet, only when you take a seat does the most significant deviation from the norm become apparent. This restaurant has no prices on the menu, only envelopes on the table for people to pay a minimum donation. If you can't afford a meal you can earn a voucher by volunteering in some way, either at the restaurant or working at the local food bank. The vision at Soul Kitchen is to serve healthy, delicious, and when possible, organic meals.

JBJ Soul Kitchen began serving meals in 2009, utilizing two different pilot locations and assessing the patrons' needs and response to the model, before renovating an old 1,100 square foot auto-body shop in Red Bank, NJ as the Kitchen's new, permanent location. This is not Bon Jovi's first charitable venture. His charity, The Jon Bon Jovi Soul Foundation, recently built over 250 houses for low-income families, but when he heard that one in six people went to bed hungry, he determined the charity's next venture.

"At a time when 1 in 5 households are living at or below the poverty level, and at a time when 1 out of 6 Americans are food insecure, this is a restaurant whose time has come. This is a place based on and built on community - by and for the community," says Jon Bon Jovi on the Kitchen's web site.

The Soul Kitchen is not a simple charity venture. It is also an exercise in social responsibility similar to Panera Bread's "Panera Cares" program. It relies on people who can afford the food to pay a little extra, while encouraging those who cannot afford a meal to step up and become an active part of the community.

After an investment of \$250,000 and a year of work, the Soul Kitchen now offers affordable food - at quality equal to, if

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We'd like to salute all of our customers, subscribers, contacts and friends in the foodservice industry for being involved and generously donating to the cause of solving hunger in America. We would like to urge those who have not yet found a way to help, by visiting: **feedingamerica.org** and discover how easy it is for you to make a difference. **UB**

Article contributed by Jamie Chadwick
Jchadwick@urnerbarry.com



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not superior, to the best conventional restaurants in the area. The menu is full of entrees like cornmeal crusted catfish and grilled chicken and salmon, much of which is seasoned by herbs grown in a garden just outside the restaurant.

In addition to the Soul Kitchen's own organic gardens, natural food is being provided by Whole Foods Market Middletown, in partnership with their vendors, many of whom are from New Jersey and the surrounding areas.

Just how invested is Bon Jovi in the project? He once left a Council for Community Services meeting at the White House and, as soon as it was over, jumped on a train home, changed in a bathroom, and arrived back just in time to wash the dishes.

For more information please visit <http://www.jonbonjovisoulfoundation.org/> **UB**

Article contributed by Jake Muldowney
Joemo@urnerbarry.com

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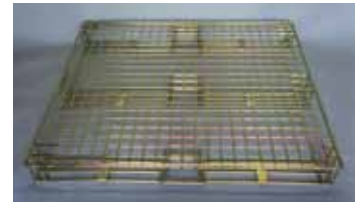
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Costigliole d’Asti (Piedmont, Italy)

As the birthplace of the greatest intellectual movement in the history of the world, Italy has enriched our culture by bestowing lasting influences in the realms of art, science, philosophy, literature, and cuisine. Home to the likes of Michelangelo, da Vinci, Botticelli, and Machiavelli—western civilization has been sculpted by the great thinkers and innovations Italy has contributed since the beginning of its long history.

Currently, Italy has the fifth highest population density in all of Europe, though according to a report from the U.S. Department of State, population is actually declining due to low birth rates. It sits recognizably as “the boot” of southern Europe, and is approximately the size of Georgia and Florida combined.

With mostly rugged terrain, it’s not surprising that agriculture is not one of

Italy’s main sources of economic power. Due to the lack of agricultural components, Italy relies on imports from outside its border for most of its raw materials. The country does, however, produce wheat, rice, citrus fruits, potatoes, sugar beets, soybeans, beef, dairy products and, of course, grapes and olives. Notably, Italy is the largest producer of wine in the world.

In the years following the Second World War, Italy shifted, like many countries did, from an agriculturally focused economy to an industrial one. Today, it is ranked among the top ten market economies, with major industries including machinery, motor vehicles, pharmaceuticals and fashion. In fact, the Italian city of Milan is considered by many to be the fashion capital of the world.

With its scenic landscapes, vineyards and well maintained historical sites, Italy also boasts a healthy tourist economy as one of the most frequently visited countries in Europe. Rome, Venice, and Florence among many others, thrive as essential tourist destinations.

Much is owed to this nation from which exquisite pasta, espresso, fine wine and aromatic cheeses hail. Where would we be culturally without works like the Mona Lisa or Dante’s Divine Comedy? Or culinary creations like prosciutto and pizza? With all that Italy has contributed to western culture we undoubtedly owe them endless thanks and, of course, amore. **UB**

Article contributed by Jamie Chadwick
Jchadwick@urnerbarry.com

Italy / U.S. comparison



AREA	301,225 sq km	9,826,675 sq km
COASTLINE	7,600 km	19,924 km
POPULATION	60,600,000	313,232,044
LIFE EXPECTANCY	79.1 years	78.37 years
GDP	\$1.63 trillion	\$14.66 trillion
GDP (per capita)	\$32,120	\$47,200
AGRICULTURE AS A %GDP	1.9%	1.2%
AGRICULTURAL PRODUCTS	wheat, rice, grapes, olives, citrus fruits, potatoes, sugar beets, soybeans, beef, dairy products	wheat, corn, beef, pork, fish poultry, dairy products
LABOR FORCE	Agr. 25.01 million	153.9 million
UNEMPLOYMENT RATE	8.5%	9.6%
OIL PRODUCTION	151,800 (bbl/day)	9.688 (million bbl/day)
OIL CONSUMPTION	1.528 (million bbl/day)	19.15 (million bbl/day)



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Incorporate more of this powerhouse food in your diet...

NFI launches Get Real About Seafood campaign to encourage seafood consumption

Contributed by Jennifer McGuire, RD,
National Fisheries Institute

The most recent Dietary Guidelines for Americans, released in 2010 by the United States Department of Agriculture include, for the first time, a clear recommendation for everyone to eat two to three seafood meals (8-12 ounces) per week to boost heart and brain health. This recommendation also applies to pregnant and breastfeeding women, because the omega-3s found in seafood can help improve their babies' eye and brain development.



Despite the advice, however, it is estimated that the average American eats about one serving of seafood a week. To raise awareness about the powerful health benefits of seafood, the National

Fisheries Institute (NFI) recently launched an educational campaign called Get Real about Seafood. The campaign reaches out to healthcare professionals and the public with the tools they need to meet the government recommendation for seafood twice a week.

Research suggests most people do not eat the weekly recommended amount of seafood due to lack of knowledge about the health benefits and low confidence in selecting or preparing seafood. That is why the campaign website, GetRealAboutSeafood.com, focuses not only on explaining the health benefits of a seafood-rich diet,

but offering tools and tips about how to start eating more seafood. Visitors to GetRealAboutSeafood.com



can browse healthy and delicious seafood recipes that are easy to prepare and feature ingredients most people already have in their pantries, such as canned or pouch tuna.

GetRealAboutSeafood.com also features a downloadable discussion guide to help get the conversation started between patients and doctors about eating more seafood. Healthcare professionals can also find valuable information, such as summaries of scientific studies about the health benefits of seafood and recent authoritative recommendations, to aid in conversations with their patients. **US**

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Addressing key issues: comment

Contributed by
Global Aquaculture Alliance

The Global Aquaculture Alliance was formed in 1997 to improve farming practices around the world. Even as seafood demand has climbed with the growing global population, the international non-profit organization has sought to meet this goal primarily through the Best Aquaculture Practices program. BAP aquaculture certification standards are developed by technical committees that are governed by the Standards Oversight Committee and adopted by the directors of GAA.

The BAP standards improve practices by identifying current best practices for the culture of a range of species and a qualitative system by which to measure how well facilities apply the practices. Evidence of this improvement has been documented in a recent study by the New England

Aquarium in which Dr. Michael Tlusty establishes that water quality conditions are improved through the auditing and corrective actions that the BAP program initiates during shrimp farm certifications.

For example, the BAP standards for shrimp farms state that “Farm operations shall not damage wetlands or reduce the biodiversity of coastal ecosystems.” BAP guidelines then define that farms must monitor their effluents quarterly, with the water discharges having less than 100 milligrams per liter of suspended solids and dissolved-oxygen levels of at least 4 milligrams per liter. Through the audit/corrective actions process, farms with higher levels of suspended solids must take remedial actions to improve their effluents or lose marketability of their products.

MULTIPLE SPECIES

Since the first BAP standards for shrimp farms were completed in 2003, GAA has expanded the program to include more aquaculture species. BAP’s channel catfish farm standards followed those for shrimp, and additional standards now apply for tilapia farms and Pangasius farms. The BAP salmon farm standards were released in May 2011, and in July 2012, BAP had its first two-star salmon facility in the Southern Hemisphere.

With the widespread adoption of BAP certification, there are over 430 BAP-

certified facilities around the world. The BAP list now includes over 220 farms and 175 seafood processing plants, as well as shrimp hatcheries and feed mills.

MUSSEL STANDARDS

BAP’s current efforts are focused on mussel culture, and much progress has been made regarding the shellfish. After multiple meetings and much discussion, the Mussel Farm Technical Committee finalized a draft set of BAP standards for mussel farms.

The draft standards were scheduled to be posted for public comment on the GAA website at www.gaalliance.org/bap/comments.php in August. Those interested in providing input during this phase of standards development can do so via the

electronic form, e-mail or fax.

The technical committee, which is headed by New Zealand researcher Andrea Alfaro and includes scientists and farmers from eight countries, worked hard to consider every angle of mussel operations and eventually “set the bar” at a level that will make BAP certification meaningful for small mussel producers as well as large ones.

Like all the other BAP standards, those for mussel farming include specific requirements and tangible measures of compliance. Although mussel culture is generally considered to have rather limited environmental effects, the draft BAP



In accordance with BAP standards, mussel farms must address the carrying capacity of the water bodies in which they are located and carefully control any mussel diseases or parasites that appear during production.

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online on new mussel standards

standards indicate mussel cultivation sites “shall be located and operated in such a way that they minimize negative impacts on sediment quality” under and near the sites.

Applicants for BAP certification must produce an initial background site report that describes hydrographic and benthic conditions and identifies potentially sensitive or important habitats. Farms must also conduct sediment sampling at regular intervals based on cultivation and harvesting methods, and local site geography.

In addition, during certification audits, mussel farms must document rights for land and water use, regulatory compliance and responsibility toward workers and local communities. The farms must address the carrying capacity of the water bodies in which they are located and carefully control any mussel diseases or parasites that appear during production. Since mussels are filter feeders, potential chemical or microbiological contaminants must be closely monitored and controlled to maintain food safety for consumers.

COMMITMENT

BAP certification requires ongoing and effective management of animal health, feed inputs, environmental quality and food safety. Certified facilities commit to continuously improve with regards to environmental and social responsibility.

“The companies that seek BAP certification and make the sometimes considerable equipment upgrades and procedural changes required to comply with the BAP standards tend to have several things in common,” BAP Vice President of Development Peter Redmond said. “They not only want to improve their operations in a material way, but also show commitment to responsible practices and improved food safety.”

In mid-July, Rich Products Corp.’s plant in Brownsville, Texas, USA, was certified to process shrimp and tilapia. The plant makes products for Rich’s SeaPak Shrimp & Seafood Co. retail brand, which markets

frozen specialty shrimp and seafood.

“Food safety and quality assurance have always been top priorities at SeaPak,” said Daryl Miller, senior marketing manager for SeaPak Shrimp & Seafood Co. “BAP certification validates the excellence in best processing and production




BAP’s current efforts are focused on mussel culture, and much progress has been made regarding the shellfish.


Continued on page 71

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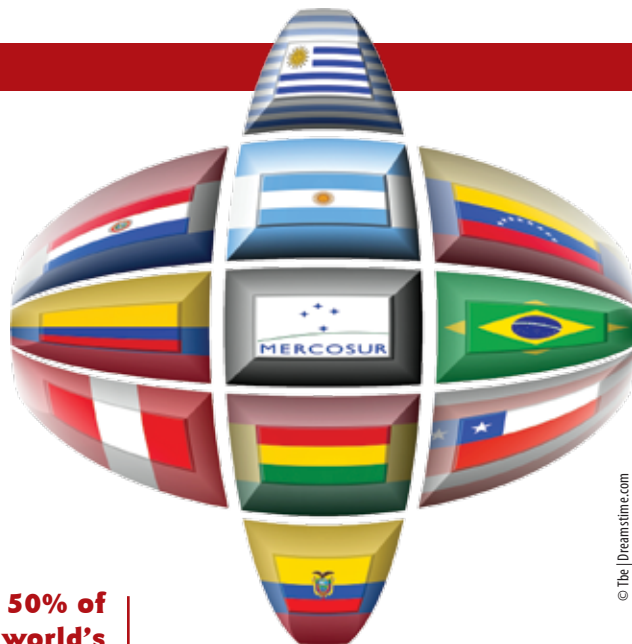
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Mercosur

South America's trade bloc



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From Patagonia to the Amazon—the millions of hectares (1 hectare = 2.47 acres) of arable land that separates these two regions make up much of the trade bloc known as Mercosur. Now considered the fourth-largest trade bloc in the world, Mercosur has been an increasingly important trade region since it was first founded in 1991. Similar to the North American Free Trade Agreement (NAFTA), Mercosur was created to promote the free exchange of goods and services within the region and provide

trade security to member countries. Unlike NAFTA, Mercosur is also a customs union, meaning that member countries by law share a common external tariff on imported goods from other countries and cannot make bilateral agreements with other countries or trade blocs.

“Over 50% of the world’s soybean production is produced by Mercosur countries...”

Mercosur, also known as the Southern Common Market, is made up of four sovereign states—Brazil, Argentina, Paraguay, and Uruguay. Together, these countries have a total population of just over 250 million people and a total land area equivalent to about the size of United States and Mexico combined. Led by Brazil, Mercosur is a world leader in the production of agricultural products. Over 50% of the world’s soybean production is produced by Mercosur countries and the region is also the largest producer and exporter of meat protein.

ameliorate the world’s growing protein imbalance in the coming years. Brazil, in particular, has vast land and water resources that have yet to see the plough. The FAO estimates Brazil’s arable land availability near 45% of total land mass, with more conservative estimates by Brazilian officials pegging it at 35%. As you can see from the data included in the table, only about 7% of Brazil’s land mass is currently categorized as arable or in-use for agricultural purposes.

Potential is one thing, but having the means necessary to capture that potential is another. Mercosur has proved in the last 20 years that the member countries can work together, but the sheer dominance of Brazil and the push for full South American economic integration could prove to be problematic for the trade bloc in the future. If it is able to negotiate these relationships, it is likely Mercosur will continue to be a heavyweight in the global agriculture markets. **UB**

Already a leader in global food production and trade, Mercosur is poised to help

Article contributed by AJ Munger
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	Total Area (sq km)	% Arable	Population	GDP (\$Billion)
Argentina	2,780,400	10.03%	42,192,494	\$709.70
Brazil	8,514,877	6.93%	205,716,890	\$2,282
Paraguay	406,752	7.47%	6,541,591	\$36.21
Uruguay	176,215	7.77%	3,316,328	\$52.02
MERCOSUR	11,848,244	7.69%	257,767,303	\$3,079
USA	9,826,675	18.01%	313,847,465	\$15,040

Egg bill making its way into house farm bill?

Earlier this year, the United Egg Producers, who represent 88% of all egg laying hens in the United States, in tandem with the Humane Society of the United States, introduced a new bill into congress aimed to amend the Egg Products Inspection Act. The bill will require egg farmers to essentially double the space allotted for 270 million hens in the United States and make other important animal welfare improvements during a tiered phase-in period that allows farmers time to make the investments in better housing, with the assurance that all will face the same requirements by the end of the phase-in period. It would provide a uniform, national standard for all egg farmers rather than a patchwork of cumbersome and complicated laws in every state. The federal legislation protects interstate egg commerce and provides the nation's egg farmers with a stable, clear future while ensuring consumers with an ample supply of economical eggs and a variety of choices.¹



by Rep. David Drier, to decide on rules of debate and number of amendments. As of this writing, however, there is no set date for when this vote will occur. The official expiration of the current farm bill is set for September 30th of 2012.²

Not only are many in egg industry anxiously waiting for the final vote, but the amendment has caught the eye of many in surrounding animal agriculture as well. The National Pork Producers Council and National Cattleman's Beef Association are openly opposed to the bill, worried that it will set precedence for regulation in not only the egg industry, but across all lines of animal agriculture. Supporters of the bill deny there are any precedents set however, stating "other sectors of animal agriculture have long enjoyed uniform federal standards, and

there is no precedent here. Eggs have always been regulated differently from other animal agriculture industries—for instance, the Food and Drug Administration enforces on-farm food safety regulations for eggs but not for other livestock sectors."¹

The fate of the egg amendment remains very unclear as it relates to the farm bill, and there is no clear timeframe as to when the final vote will occur in relation to this writing. The best chance for this amendment to be added to the upcoming farm bill will take place in the upcoming House vote however, and with the current farm bill expiring at the end of September, there should be a clear picture of the future coming soon. **UB**

Article contributed by Brian Moscogiuri
Brianm@urnerbarry.com

¹Eggbill.com

²American Society for Horticulture Science – ash.org

The bill, introduced to the U.S. Senate by Sen. Dianne Feinstein, is attempting to make it into the House Agriculture Committee's newest U.S. Farm Bill. The Farm Bill and its amendments are basically split between the House and Senate, where each side negotiates and agrees on their own rendition. The two sides then meet and hash out where the two interpretations differ and what changes need to be made before a final bill is passed.

The egg amendment was held out of the senate's version of the bill by Sen. Feinstein, as the house sponsors far exceeded those in the Senate, and it was not likely to pass. Currently there are 18 Senate sponsors of the bill vs. 121 in the House. In late June, the Senate passed their version of the 2012 Farm Bill - S 3240 and now awaits conference with the House. The House Agriculture Committee marked up their version on July 11, HR 6083. Now it is up to Speaker John Boehner and Majority Leader Eric Cantor to decide when a formal vote occurs; it also must go through House Rules Committee, chaired



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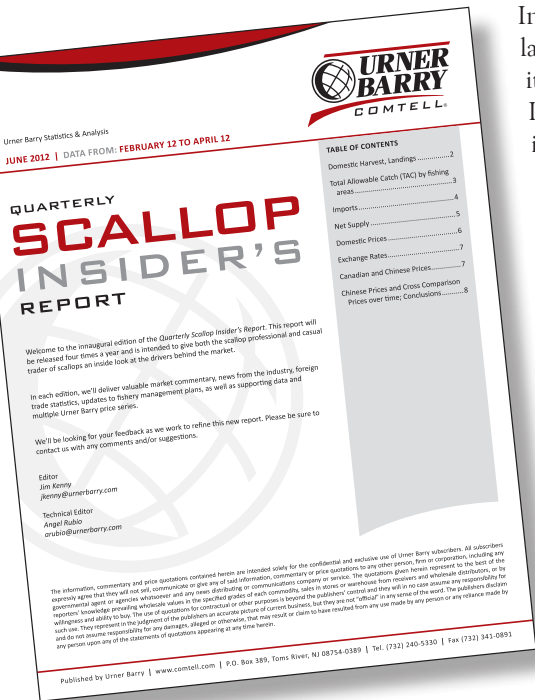
APPLES

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Seafood Insider's adds scallops to the selection...

Urner Barry launches "Quarterly Scallop Insider's Report"



In June 2012, Urner Barry launched a new edition to its line of exclusive Seafood Insider's Reports with the inclusion of the *Quarterly Scallop Insider's Report*, now available on Comtell and Foreign Trade Data.

Following a similar format to the existing series of Seafood Insider's Reports, the *Quarterly Scallop Insider's Report* is packed with Urner Barry's expert market commentary, industry news straight from the headlines, valuable foreign trade statistics, key updates to fishery management plans and

fisheries in the U.S. and Canada, featuring a plethora of domestic scallop market information and provide readers with of report that strikes close to home and overseas.

The report, which will release four times a year, is a digital publication complete with pages of full color charts and graphs, providing scallop industry professionals with an unprecedented look into the markets. Information includes year-by-year breakdowns of U.S. Scallop imports; percent of quotas landed by region and even exchange rates—all paired with commentary from Urner Barry's expert scallop market analyst Jim Kenny.

This must-have publication is available through Urner Barry's Comtell Service by clicking "Import/Export" under the Seafood Tab. Subscribers to Urner Barry's Foreign Trade Data can also access the report by logging in and clicking "Insider's Reports." Each report is also formatted and ready to print directly from the convenience of your home or office.

If you're not a Comtell or Foreign Trade Data subscriber but would like access to the Urner Barry's new *Quarterly Scallop Insider's Report* and for the rest of the Seafood Insider's series please visit shop.urnerbarr.com or call us today at 800.932.0617! **UB**

so much more. Additionally, in a bit of a departure from other Insider's Reports, the *Scallop Insider's* will emphasize wild



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Russia

Continued from page 1

Once the ban was revoked, many of these price points did rebound but, in terms of the industry's confidence in business to Russia, the damage was done. This mindset influenced many companies to outsource, in a manner of speaking, the business they previously would have contracted to Russia. In the year following the poultry ban, the top ten importing countries of

“So, ban or not, the Russian government is making it clear that they wish to wean the country off of its dependence on U.S. poultry.”



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U.S. poultry, with the exception of Russia of course, advanced their tonnage intake by a combined 11 percent, with the most significant advance coming from South

Korea which increased imports of U.S. poultry by 53 percent from 2010 to 2011.

More recently, the Russian quota for poultry has dwindled to nearly a third of what it was only a few years ago. So, ban or not, the Russian government is making it clear that they wish to wean the country off of its dependence on U.S. poultry. Back in 2011, Russia's Prime Minister Vladimir Putin exclaimed, “We, Russia, will consume about 3.5 million tons of poultry this year, but only 3.15

million tons will be produced locally, so, the deficit, about 330,000 tons, will be imported.”

This statement was daunting at the time, but many affiliates throughout the industry have come to believe that this turn of events will actually be a positive influence on United States' poultry exports. The reason behind this conviction rests on the fact that, as one colleague put it, “it's never smart to put all your eggs in one basket.” In other words, it's more progressive for plants in the U.S. to build relationships with alternative export avenues rather than relying on a single partner to carry the load. **UB**

Article contributed by James Serpico
Jserpico@urnerbarry.com

Russian Poultry Quotas (metric tons)						
	2007	2008	2009	2010	2011	2012
Quota	871400	901400	952000	780000	350000	330000
Imports	869739	835086	737823	323564	214869	132504 (YTD June 2012)

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Pork exports

Continued from page 1

figures remain highly elevated following the unprecedented gains seen in 2011. However, if one examines exports slightly more critical, an ongoing overall downward trend has been present for pork exports in 2012 (figure 2).

Coming off of record exports in the fourth quarter of 2011, many nations have felt the pressure of the slowing global economy as well as select trade inhibitions that have resulted in a net loss of total U.S. pork exports. In fact, when pitting January's export totals to that of the subsequent months in 2012, total exports have yet to eclipse the beginning of the year, and have actually moved further away as we collect data into the summer. China and Mexico have yet to approach January levels—actually maintaining 20 percent deficits or more each month—while Japan only had one month this year that showed a net gain in exports. The primary factor of China's overwhelming demand last year (food inflation) has since subsided

as the nation comes to terms with a slowing economy. Russia dominated the field on a percent change basis, as May resulted in gains over 320 percent from January—a clear stand out case. Overall, May exports were 10.69 percent below January's figures, constituting a nearly 54 million pound deficit. In contrast, May of 2011 showed a 40 million pound increase over January of the same year, and May of 2010 showed a 49 million pound increase over January 2010.

Another highly discussed and likewise deteriorating statistic of recent is that of exports as a percent of production. As one of the primary factors behind the gains seen in 2011, the proportion of production which goes overseas directly effects product price levels as it determines the domestic supply of pork left over for the U.S. market. This stat, when derived from the USDA's federally inspected slaughter figures, has seen a decline of 2 percent from its January highs. This is mostly concerning because it has become ever more evident that the industry was preparing for this ascension to continue as herd and production totals rose even amid less than stable domestic retail business (figure 3).

All considered exports look to be continuing a retacement from the record breaking gains of last year and given growth concerns in many of our primary customer

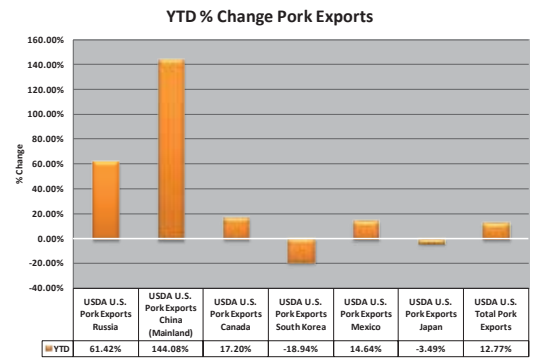


figure 1

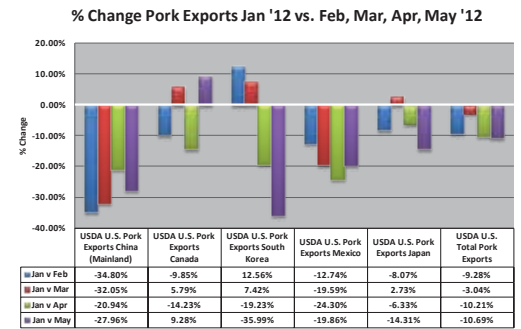


figure 2

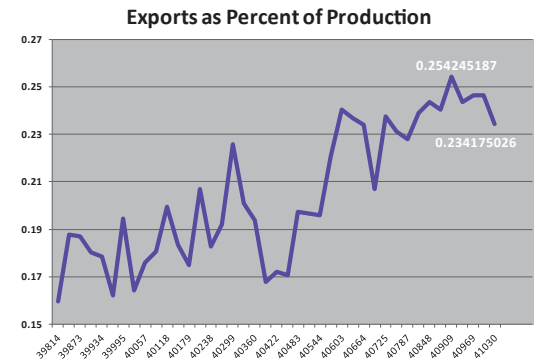


figure 3

nations, we may see this pattern play out throughout the remainder of 2012. In addition, economic turmoil tends to turn investors toward the U.S. Dollar, which would in effect depreciate the export nation's currency, reducing the appeal of importing U.S. goods. It should be noted however, that in 2011, exports plummeted lower until June, only to rebound to the aforementioned records. Exports as a percent of production also fell during this period last year, only to rebound to new highs by Q4. This price action could certainly repeat, however the current economic climate may continue to dampen the previously unquenchable world-wide hunger for U.S. pork. **U**

Article contributed by Russell Barton
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Answers to the quiz on page 53

1. B. 405 years
2. C. 750 lbs
3. C. Number of rings on shell (when birth certificate not available)
4. A. Plankton
5. B. 312 (26 dozen) by competitive eater: The Black Widow
6. C. 3000+ species with over 1,200 already extinct
7. D. Rhode Island
8. C-Ground oyster shells are used for poultry

Mussels

Continued from page 65

practices at our Brownsville plant and bolsters SeaPak's role as a trusted source for premium seafood products."

Five salmon farm sites held by Marine Harvest Canada, British Columbia's largest salmon aquaculture company, were certified in June. Marine Harvest management reflected SeaPak's perspectives.

"We are extremely pleased to have achieved this certification milestone, which demonstrates our commitment to environmental integrity and continual improvement throughout our operations," Marine Harvest Sustainability Director Clare Backman said.

"BAP certification validates that our farming practices protect the environment for local wildlife as well as our fish, while providing a safe and effective working environment for Marine Harvest Canada staff," Paula Galloway, certification manager, said. **UB**

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