URNER BARRY'S
Reporter
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Celebrating 150 Years
URNER BARRY
1858-2008
THE NEWSMAGAZINE FOR THE FOOD INDUSTRY PROFESSIONAL

Real American stars...

A little taste of home goes a long way

Every once in awhile a good deed is done that just can't go unnoticed. A simple inquiry for the name of a company turned into a very generous gesture from the industry.

Knowing of the numerous colleagues and industry contacts Urner Barry's senior vice president Michael O'Shaughnessy has, Scott Hunt, a trader with Food Source, requested the name of a beef jerky company. Scott had a special reason for wanting the jerky, he was looking to purchase some for his brother, Raymond, and his buddies serving in Iraq.

Scott's brother, U.S. Army Sergeant First Class Raymond Patrick Hunt, had just sent his family a letter after a grueling week on the front lines. Following a memorial service for some comrades, Raymond and his buddies experienced seven days under heavy fire, very heavy fire—shooting, firefights, bombs, rocket propelled grenades, etc. In his own words, "the past week has certainly been a life changing, significant emotional event."

U.S. Army soldiers in Iraq take time out to pose with their generous gift from Oberto Jerky. Standing from left to right are SGT Victor Delacruz, Tank Gunner; PV2 J. Kranick, Tank Loader; SPC Thomas Hall, Tank Driver; PV2 Zack Blum, Tank Loader; SFC R.P. Hunt, Tank Platoon Sergeant; SPC Karl Wendler, Medic; SGT Michael Emmons, Tank Gunner. Front, left to right: CPL Wesley Prough, Tank Driver and SGT Mario Rivera, Tank Gunner.

Scott expressed Raymond's daily life in Iraq to O'Shaughnessy, who in turn passed it on to Urner Barry's Vice President of the Red Meat Division Joe Muldowney, who contacted his associate at Oberto Sausage Company, Bruce Firnhaber. Upon hearing that Raymond and his buddies could use a "taste of home" by way of beef jerky, a very generous gift was sent from Oberto along with much appreciation for Raymond and all his comrades for all they do for our country.

"The past week has certainly been a life changing, significant emotional event."

Raymond and company are to be commended for their heroism. Thanks for all you do. UB

In the kitchen with Chef Sam Hazen...

Family heritage ignites passion for cooking

Chef Hazen claims that Jurgielewicz Brand Long Island ducklings are "the best Pekin duck in the country."

With both a grandfather (on his mother's side) and a father as gourmet chefs, it was pretty much written in the stars for Sam Hazen to follow in the same path. "I grew

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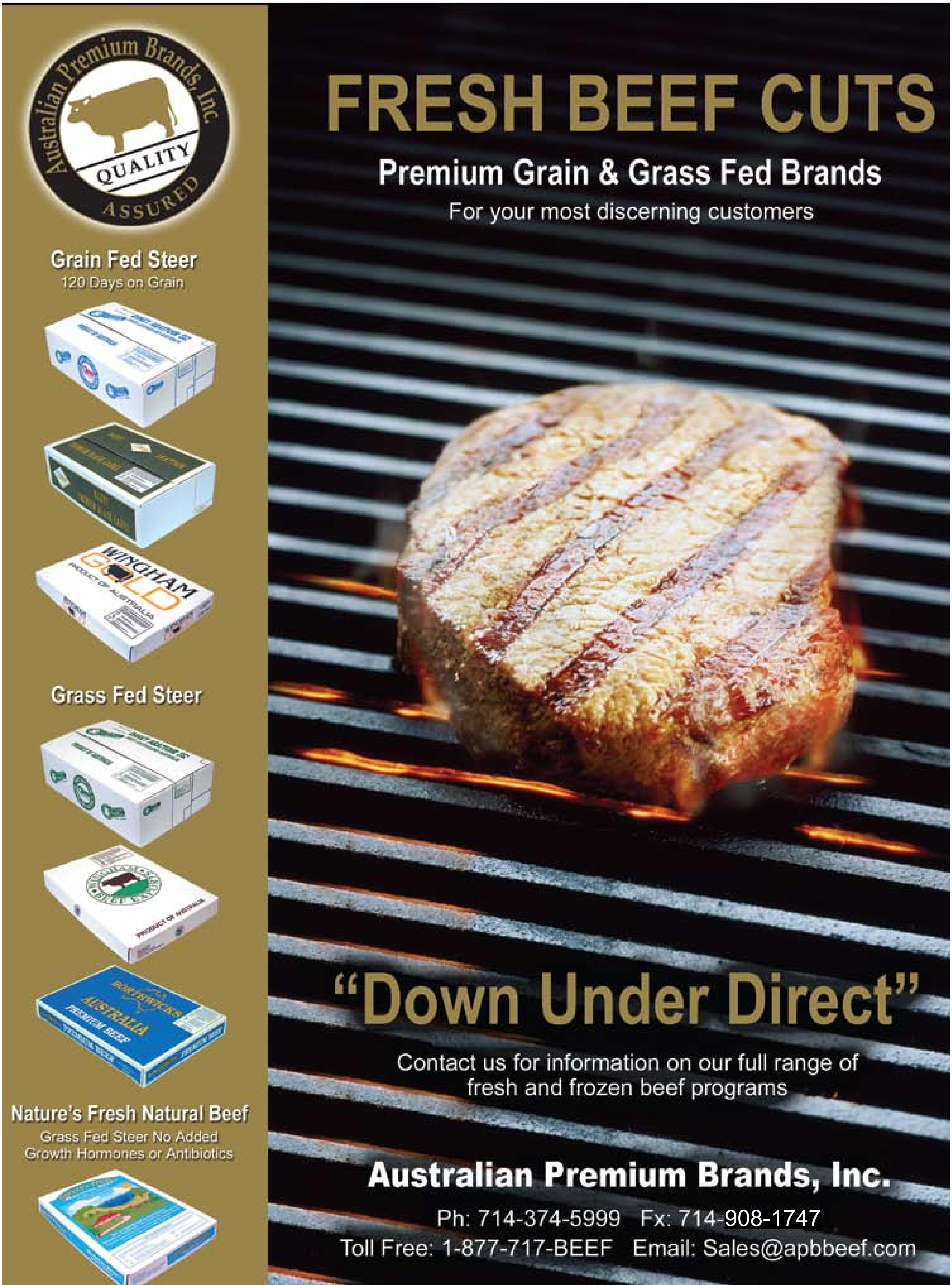

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Center of the plate


Cover story

Main Ingredients


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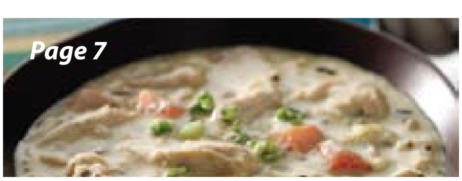
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URNER BARRY'S Reporter

THE NEWSMAGAZINE FOR THE FOOD INDUSTRY PROFESSIONAL

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A note from the publisher...

In this special issue, *Urner Barry's Reporter* looks at the markets and near term outlook of the most popular center-of-the-plate food items. Widely reported in the general news media are the record-high food cost increases. Among the chief reasons for higher food prices is the United States' ethanol policy which has taken as much as 30% of the feed corn crop and moved it to ethanol production. As a result, corn prices have gone up. This fact alone has significantly increased a major cost input of our protein production including one affecting the poultry, egg, beef and pork markets. Similarly, soybean production has been impacted by biodiesel demands, and other grains have increased in price as additional requirements have been placed on them because of the demands on the corn supply, and in some cases, poor seasonal worldwide production of wheat and rice.

Other reasons exist for the higher food prices too. Increasing energy costs, both as a factor in production and transportation, have been contributing largely to this issue, as has the weak dollar. Fishing fleets and trucking companies around the world have been especially hard hit by higher fuel costs. With the United States competing in the world market against stronger currencies, imports have become more expensive. That is not all, the weak dollar also increases exports of U.S. domestically grown food products which limits supplies here and potentially drives up prices. The emerging middle-class in places like China and the Middle East are enjoying a stronger economic position, and they too are increasing international demand for proteins and foodstuffs.

So the stage is set for continuing strong, if not escalating, food prices. Foodservice and restaurant demand, particularly in the casual and fine dining sector, is expected to decline, while retail demand will likely be generally steady to increasing. This can be attributed to the overall poor economy; including eroding real estate values, and high fuel prices which limit discretionary income. Economic conditions are predicted to improve in 2009.

During these trying economic times for the food industry, we will continue to cover for you the most critical issues facing today's food industry, along with the lighter fare that we hope makes this publication educational and fun to read as well. On behalf of the staff at the *Reporter*, I hope you enjoy this issue. Good reading!

Paul B. Brown

Paul B. Brown
Publisher

Mall shoppers can now add shrimp to their mealtime options

The first thing that might come to mind when thinking about shrimp is a special meal at a fine restaurant. This assumption is clearly understandable, as shrimp meals usually command a high price. Additionally, as is true of almost all food items, the current market situation continues to see an increase in prices which has caused a number of individuals to eat out less, and shrimp is no exception. A new fast-food concept, however, is looking to thwart that current challenge. Its aim ... to bring fine-quality shrimp to consumers without hurting their wallet.

Approximately one year ago, "Shrimp Market" came online with its first restaurant in Florida's Aventura Mall. Of course, if you are under the impression that shrimp is only a high end food, you might question whether eating it at a food court is worth trying.

Ricardo Baraldi, a resident of Delray Beach, Florida and friend of *Urner Barry's Reporter* contributor, Angel Rubio, was a skeptic too and visited Shrimp Market then gave his opinion. As he was waiting on line to order his meal, Baraldi had a chance to examine all that Shrimp Market had to offer, and had this to say: "When I was looking at the menu, I felt as if I was on the back seat of the bus when Forrest Gump was having a very profound conversation about shrimp ... there was pasta with shrimp, tempura shrimp, garlic shrimp, tortilla crusted shrimp, jambalaya shrimp, grilled shrimp, shrimp lo mein, thai shrimp, etc. ... you get the picture." Baraldi then said that once he tried his meal the taste and quality of the shrimp was superb.

Each entrée is priced at $6.95 with higher priced options available for two or more people. All single items contain a substantial serving of three to four ounces of shrimp. Baraldi finally added that "the amount of shrimp was plentiful that you didn't have to search through piles of rice or pasta to find the shrimp."

shrimp market

In an exclusive interview with Urner Barry, Vanessa Abramowitz, president of Shrimp Market, commented that "Our goal is to let people know that shrimp is not necessarily a special occasion food item but for anytime, and at affordable prices too! Not to mention it is delicious and healthy." Also, Abramowitz added "We want to educate people about the many ways shrimp can be prepared ... shrimp isn't only good with cocktail sauce."

With a well thought out plan, Shrimp Market is currently celebrating its first anniversary. Everything from concept to logistics and quality control were well thought out. The company is completely vertically integrated with its subsidiary Cartagena Shrimp Company in Colombia. All shrimp is prepared and processed specifically for each different platter in Colombia and delivered to the Florida unit. "I have full control of the supply chain and quality control process which allows me to provide our customers with shrimp of the utmost quality and excellent taste," said Abramowitz.

"Our goal is to let people know that shrimp is not necessarily a special occasion food item..."

With all this in mind, Shrimp Market's success shouldn't surprise anyone. The company is currently planning on opening 14 new locations along the East Coast, including one in New Jersey's new "super complex," Xanadu. When asked what the key ingredient was for Shrimp Market's success, Abramowitz said it wasn't garlic or a spice, but "It is about doing things right and doing them right always." UB

The skinny on dietary fats...

Fats: the good, bad and ugly

©iStockphoto.com/Mark Poprocki

Fat is flavor. We've all heard it a number of times, but we've also been bombarded with fat's negative attributes. Aside from providing flavor, did you know that fat has other positive fundamental purposes as well? It is efficient at storing energy, and is actually essential to our overall health.

> **"There are many different types of fats, all with unique flavors."**

Fat fuels our bodies. It is the primary means which all animals store energy for later use. Our bodies do not require large amounts of fat, but quite honestly, we cannot survive without it. In addition to giving your body energy, fats are building blocks of every cell. They help your body absorb some nutrients and produce important hormones. Fat also carries flavor compounds which help coat the taste buds.

There are many different types of fats, all with unique flavors—beef differs from pork which differs from chicken which differs from duck. Then there's all the oils—peanut, sesame, olive, hazelnut; all contributing flavor to the dishes they are added to.

Four major types of fats exist in foods: monounsaturated fats, polyunsaturated fats, saturated fats and trans fats. These different fats have different effects on cholesterol levels in the body, some good, some bad and some are very ugly. The Federal Drug Administration recommends, on average, for total fat intake to be adjusted to fit total caloric needs.

Both monounsaturated fats and polyunsaturated fats have proven to have beneficial effects on health when consumed in moderation and when used to replace saturated fats or trans fats. They help reduce bad cholesterol levels in the blood and lower the risk of heart disease and stroke. Visibly, both of these types of fats are typically liquid at room temperature. Examples of foods high in monounsaturated fats include vegetable oils, such as olive, canola, peanut, sunflower and sesame oil. Other sources include avocados, peanut butter and many nuts and seeds. Examples of foods high in polyunsaturated fats include a number of vegetable oils as well as fatty fish such as salmon, mackerel, herring and trout.

Many foods are being marketed as being a good source of Omega-3 and Omega-6 fatty acids—two types of polyunsaturated fats. These essential fats are beneficial because they have been proven to improve inflammatory diseases, lower blood pressure and triglycerides, increase good cholesterol and reduce anxiety and depression. Omega-3s are commonly found in walnuts, some fruits and vegetables and a host of coldwater fish, while Omega-6s are found in eggs, poultry and vegetable oils.

Saturated fats and trans fats are the main dietary factors in raising blood cholesterol, and are therefore known to increase the risks of heart disease and stroke. Saturated fats are typically solid or waxy at room temperature and occur naturally in many foods. The American Heart Association recommends limiting the amount of saturated fats to less than seven percent of one's total daily calories. Trans fats come from adding hydrogen to vegetable oil through a process called hydrogenation. Trans fats are commonly found in commercial baked goods and margarine.

Although fat provides added flavor to foods and is necessary for the body to function properly, eating too much can be harmful to one's health. When choosing fats, lean cuts of chicken and beef and types of fish which contain Omega-3 fatty acids prove the wisest choices. What is becoming clearer and clearer is that the key to consuming fats is to substitute the good in place of the bad. UB

How turkey stacks up against other proteins

Sources: Nutri-facts Update. Chicken & turkey data source: USDA Handbook 8-5 and research conducted in cooperation with USDA. Beef & veal data source: USDA handbook 8-13, revised 1990 and Bulletin Board 1994 (beef) and USDA Handbook 8-17, 1989 (veal). Pork & lamb data source: USDA Handbook 8-10, 1992 (pork) and USDA Handbook 8-17, 1989 and Bulletin Board, 1994 (lamb)

	Calories	Calories from fat	Total fat grams	Saturated Fat grams	Cholesterol milligrams	Sodium milligrams	Protein grams	Iron %DV
Turkey Breast	120	10	1	0	55	45	26	8
Chicken Breast	120	15	1.5	0.5	70	65	24	4
Beef (Top Loin, Steak)	180	70	8	3	65	60	24	10
Beef (Eye Round)	140	40	4	2	60	55	25	10
Pork (Top Loin, Chop)	170	60	7	2	70	55	26	4
Pork (Tenderloin Roast)	140	35	4	1	65	50	24	6
Lamb (Loin Chop)	180	80	8	3	80	70	25	10
Lamb (Shank)	160	45	5	2	90	65	26	10
Veal (Loin, Chop)	150	50	6	2	90	80	22	4
Veal (Cutlets)	130	25	3	1	90	60	24	4

Versatile, adaptable, and timeless...

Turkey trendsetters tout turkey appeal

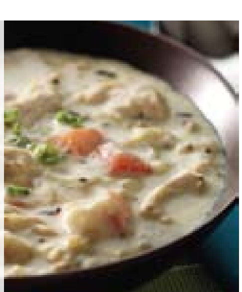
Turkey was an easy fit for Chef Omar Martinez and his "Screamin' Gobbler" sushi roll.

For the fourth year, the National Turkey Federation (NTF) will feature the culinary creativity of three "Turkey Trendsetters" on their award-winning Web site www.eatturkey.com.

Marjorie Druker, chef and owner of the New England Soup Factory is the first to be featured. Chef Druker's inspiration comes from New England's rich culinary landscape and her appreciation for wholesome, high-quality ingredients. She is intimately involved in the food preparation and recipe development for both New England Soup Factory locations (outside of Boston, Mass.), where they roast fresh turkey daily for soups and sandwiches. "Nothing tastes as good as homemade turkey soup made the old-fashioned way," says Druker.

In the interview that appears on the NTF Web site, Druker said, "Turkey is a versatile must-have in a quick-service setting. It has a personality that can easily be dressed up or down, depending on the mood." In addition to Druker's famous handcrafted, seasonal soups that "change like a wardrobe," the fashionable menu includes unique sandwiches, salads, side dishes and desserts.

Guided, but never restricted by the seasons, turkey provides the year-round platform for fresh creations at the New England Soup Factory. The fall-inspired recipe for Druker's delectable Turkey and Wild Rice Dijonnaise soup is available at www.eatturkey.com, along with her complete "Turkey Trendsetter" interview.



Never restricted by seasons, roasted fresh turkey is the base for Chef Druker's Turkey and Wild Rice Dijonnaise soup.

In spring and summer months, customers can find combinations of roasted turkey with copious fresh vegetables, imported cheeses and homemade sauces. Cooler weather features the famous Fallwich sandwich and Turkey and Winter Root Vegetable soup, both available at www.eatturkey.com. In addition, turkey and havarti cheese roll-up sandwiches have earned a perennial spot on the menu.

"...our gringo style of sushi...lets us combine turkey and sushi ingredients like never before..."

"Chef Druker has taken a timeless concept and made it sharply modern through her artisan spirit and playful curiosity," remarks Sherrie Rosenblatt, NTF's vice president of marketing and communications. "A true appreciation for every detail of the culinary process—quite literally, from soup to nuts—shines through in her trendsetter commentary."

Following Chef Druker will be Omar Martinez, sushi chef at Tex Wasabi's Rock-N-Roll Sushi BBQ in Santa Rosa, Calif. Chef Martinez describes his establishment as a place "where east and west come together to throw a non-stop party and enjoy a variety of unique flavors." Tex Wasabi's blends California style sushi and Southern BBQ for one-of-a-kind fusion cuisine with a funky, hip atmosphere.

Martinez will feature the recipe for his Screamin' Gobbler on www.eatturkey.com. The Screamin' Gobbler combines roasted turkey, jalapenos, pepper jack cheese, avocados, green onions, mayonnaise and an Asian-inspired spicy mayonnaise. The smooth blend of spicy, unique flavors keeps consumers coming back for more of this creative approach to sushi. Like the menu says, "first you'll gobble, then you'll scream!"

Martinez explains that turkey is an easy fit for his "California Style Sushi and Southern BBQ" themed restaurant. "With our gringo style of sushi, we are very fortunate that it lets us combine turkey and sushi ingredients like never before," said Martinez.

Martinez's interview and Screamin' Gobbler recipe will be available at www.eatturkey.com beginning in June. UB

Hopping for a greener protein

Kangaroo meat is a juicy, lean, high quality game meat that is extremely low in fat. Many consider kangaroo one of the finest game meats available. With its rich, gamey flavor, and its enticing aroma, it is often compared to venison or hare, and combines very well with other foods.

©iStockphoto.com/Carolina Garcia

Kangaroo meat is very soft, has tender muscle fibers, and little connective tissue.

There is virtually no fat in kangaroo meat. The 2% fat content in kangaroos has been found to be the highest known source of CLA (conjugated linoleic acid), which is found in dairy products and lamb, as well as PUFA molecules (long-chain polyunsaturated fatty acid). CLA contains potential anti-carcinogenic and anti-diabetes properties and aids in preventing obesity and high blood pressure. PUFA molecules improve blood flow and reduce the blood's tendency to clot, therefore lowering the risk of heart attack and stroke. Kangaroo meat is also extremely high in protein, iron and zinc.

"We can dramatically reduce our carbon footprint by eating more of the local Aussie wildlife."

Not only is this game meat extremely good for your health and well being, it is also good for the environment! According to a report published by Greenpeace, we can dramatically reduce our carbon footprint by consuming more of the local Aussie wildlife. The report states that Kangaroos release virtually no methane through belching or flatulence as do other livestock animals. This is significant because experts say nearly a quarter of the planet's greenhouse gases come from agriculture livestock which release the potent heat-trapping gas methane.

While kangaroo meat is a rarity in our supermarkets here in the United States, it is exported all over the world. The French, Germans, Belgians, and Swiss consume more per capita than Australians. There was also a significant boost in kangaroo exports to Europe in the wake of diseases affecting cattle in Britain. In fact, less expensive kangaroo cuts are being used to make other sausages and salamis in countries such as Russia, Romania, and Serbia. Kangaroo is also available in Japan, the Philippines, and other countries such as Asia, South Africa and, of course, the U.S. and Canada. In America, it is usually available exclusively in restaurants.

Kangaroo is available in all types of cuts and can be prepared like most other types of red meat. It is best served rare or medium rare rather than well done, otherwise it will become dry and chewy. It is not recommended to add salt to the meat prior to cooking as this draws out the juices and prevents browning which also results in dry meat. It is usually seared in a skillet over high heat, and then finished at lower heat or in the oven. Prime cuts can also be cooked on the barbecue or included in stir-fry dishes. UB

Leadership and honor at heart of this year's Executive Conference & Marketing Seminar

This year, Urner Barry's 32nd annual Executive Conference and Marketing Seminar in April celebrated the company's sesquicentennial—the 150th anniversary of service to the food industry! Since 1858 Urner Barry has provided the most accurate market information to the industry, all the while upholding its leadership position in the field.

"It is the great leadership of Urner Barry's executives that funnels down to each and every one of the company's staff members..."

Award presenter NFPDA's Anthony D'Urso (second from left) with Urner Barry's company principals: left to right, Rick Brown, Paul Brown, Jr, and Mike O'Shaughnessy.

The company's Executive Conference and Marketing Seminar was once again held at the Bellagio Hotel and Casino in Las Vegas, Nevada. Kicking off event festivities was a lavish welcome reception featuring an abundance of land and sea foods, the crowd favorite steel drum band and beautiful weather.

The conference's next two days saw a spectacular line-up of intriguing keynote speakers, informative industry sessions, a golf outing and spouses' luncheon—all seleected to add to attendees' experience. Former Presidential Candidate Mike

National Turkey Federation's Ted Seger (left) presenting to Urner Barry's Vice President Poultry Division, Russ Whitman (right).

URNER BARRY'S Executive Conference & MARKETING SEMINAR 2008

Experienced - Timeless - Proven

Huckabee, economist Joel Naroff and Darden Restaurant's Jeffrey Spotz captivated conference goers with enlightening and thought provoking presentations. Immediately following his speech Governor Huckabee spent time signing copies of his books "From Hope to Higher Ground" and "Quit Digging Your Grave with a Knife and Fork."

2008 Egg Man of the Year award recipient Pilgrim Pride's Wayne Mooney.

An annual highlight of the conference is Urner Barry's most anticipated '"Person of the Year" award ceremony. Dating back to 1986, this award usually honors individuals who have made outstanding life-long contributions to the poultry and egg industries. This year's recipient for the "Poultry Person of the Year" was Land O'Frost's Carl Abbott; and the "Egg Person of the Year" was awarded to Pilgrim's Pride's Wayne Mooney. A lifetime achievement award was presented to Ben Corbitt, Western Poultry Sales, who was joined for the occasion by an entourage of family members to help honor this much deserved award. Mr. Corbitt devoted his entire adult life to the poultry industry and came to influence many individuals both inside and outside of industry circles. Congratulations and accolades were made to all award recipients for their years of dedicated service and leadership to the industry.

This year's annual awards ceremony held a special surprise for Urner Barry principals

Governor Mike Huckabee poses with Urner Barry President Paul B. Brown, Jr.

Lifetime Achievement Award recipient Ben Corbitt (center) pictured with his son, Steve (right), and Urner Barry's Vice President of the Poultry Division, Russ Whitman (left).

Urner Barry Vice President Poultry Division, Russ Whitman (left) with 2008 Poultry Man of the Year, Land O'Frost's Carl Abbott (center) and Urner Barry's Senior Vice President, Mike O'Shaughnessy (right).

United Egg Producers' Gene Gregory (right) presenting an award to Urner Barry's Senior Vice President, Rick Brown (left).

Paul B. Brown, Jr, President; Michael O'Shaughnessy, Senior Vice President; and Rick Brown, Executive Vice President. The three company executives were honored by their own employees with awards for "Great Leadership."

"It is the great leadership of Urner Barry's executives that funnels down to each and every one of the company's staff members and which continues to bring prosperity and vision to this great organization," said Urner Barry Events Coordinator MaryAnn Zicarelli.

Other special awards were presented to Urner Barry for its excellence in service to the industry on the occasion of the company's sesquicentennial from the United Egg Producers' Gene Gregory, former National Turkey Federation chairman, Ted Seger and NFPDA's Anthony D'Urso. UB

See additional photos on next page...

Urner Barry proudly displays their sponsors with special features for those supporting our Executive Conference for 10+ and 20+ years in the registration area of the Bellagio.

More photos from Urner Barry's Executive Conference

URNER BARRY'S
Executive Conference
& MARKETING SEMINAR 2008
Experienced - Timeless - Proven

left to right: Cliff Rhodes, Boar's Head Provisions Company, Inc.; Ted Seger, Farbest Foods, Inc.; Jim Sumner, USA Poultry & Egg Export Council; Steve Block, Farbest Foods, Inc.

Jim Davis, Hartmann North America; Shaun Loughrey, Hartmann North America; Carol Hodges; Bob Hodges, Moark LLC.

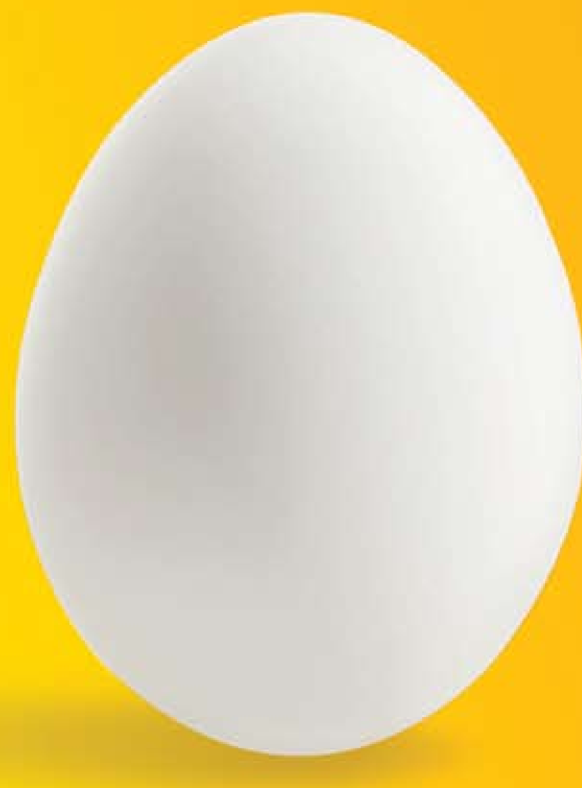
This year's Spouses' Lunch and Tour included a luncheon at Wolfgang Puck's restaurant followed by activities at the Springs Preserve.

Winning Foursome: (left to right) Chad Van Kley, Michigan Turkey Producers; Greg Meyer, Farbest Foods, Inc.; Kevin Phillips, Case Farms; Ted Rueger, Eastern Poultry Distributers

Mike Miller, Chief Operating Officer with Cattle-Fax addresses Executive Conference audience.

President and founder of Naroff Economic Advisors, Joel Naroff, giving his insight on the country's economic state.

Darden Restaurants' Jeffrey Spotz, Vice President, Meats, Commodities Purchasing and Risk Management answers questions from the audience at the 2008 Executive Conference & Marketing Seminar.



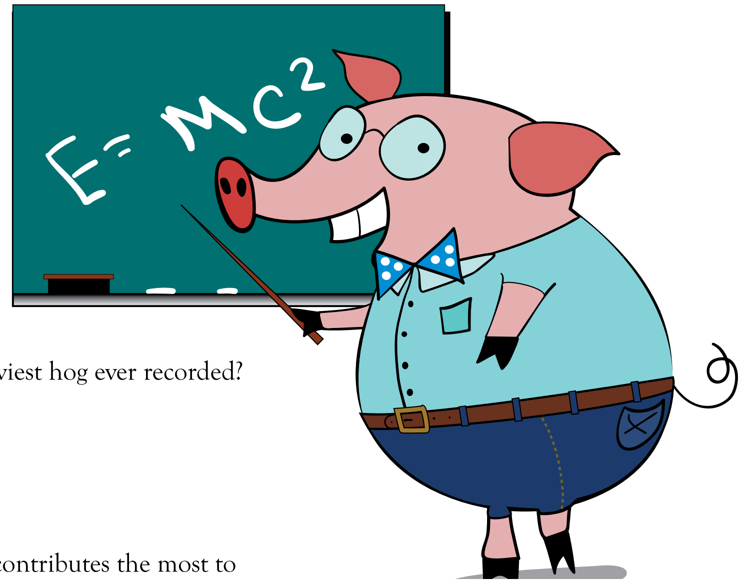
Test your pork knowledge

1. The saying "living high on the hog" originated among army enlisted men who received shoulder and leg cuts while officers received the top loin cuts.
a.) True
b.) False

2. Exports of U.S. Pork have grown nearly 300 percent since 1995; for how many years has the U.S. been a net exporter of pork?
a) 13
b) 8
c) 20
d) 17

3. What's the highest known price ever paid for a hog?
a) $105,000
b) $120
c) $225,000
d) $45,000

4. What is the average weight of a market-ready hog in the U.S.?
a) 840 lbs.
b) 255 lbs.
c) 188 lbs.
d) 269 lbs.



5. What's the heaviest hog ever recorded?
a) 480 lbs.
b) 2552 lbs.
c) 1480 lbs.
d) 3021 lbs.

6. Which primal contributes the most to the overall weight of the average hog carcass?
a) Ham
b) Loin
c) Shoulder
d) Side

7. How long did the longest single sausage measure?
a) 1844 feet
b) 6320 feet
c) 6480 feet
d) 5917 feet

8. Which president said "No man should be allowed to be president who does not understand hogs"?
a) Harry Truman
b) John F. Kennedy
c) Abraham Lincoln
d) George W. Bush

9. Which country is both the number one producer and consumer of fresh pork in the world?
a) United States
b) China
c) Mexico
d) Denmark

10. Which is the world's most widely eaten meat?
a) Broiler
b) Beef
c) Pork
d) Lamb/Goat

Answers

1. a) True
2. a) 13. Every year since 1995.
3. a) $105,000 is the highest price ever known to be paid for a hog, on March 5, 1998 at the Houston Livestock Show.
4. d) 269 lbs.
5. b) 2552 lbs. A Poland China hog named "Big Bill" weighing 2552 lbs. and measuring 9 feet long, owned by Burford Butler of Jackson, Tennessee in 1933.
6. a) The Ham, which accounts for 25 percent of the entire carcass.
7. d) A single sausage measuring 5917 feet in length was cooked in Barcelona, Spain on September 22, 1986.
8. a) Harry Truman
9. b) China
10. c) Pork, which accounts for 42.6 percent of total meat consumed worldwide.

Making its mark in a competitive niche...

Air-chilled chicken

In the world of poultry, natural, free-range and organic have become all too familiar labels. Increasingly however, there's another name in town that's beginning to make quite a splash–air-chilling. Common in Western Europe for almost half a century, air-chilling is still fairly new in the United States. It refers to a specific method that uses cold air instead of ice water to cool chickens after slaughtering.

"Supporters... believe...the flavor of the meat is more intense."

Most chickens that are slaughtered in the U.S. are immersed into communal vats of ice cold water to bring the chicken's body temperature down to at least 40° F; a temperature the USDA has established for processors. At this temperature or lower, bacteria growth is severely retarded.

Opponents of water immersion, however, state that there is a much higher chance of cross contamination of bacteria because all the chickens are placed in the same vat. When air-chilling chickens each bird is handled separately.

Supporters of air-chilled poultry also believe because the meat does not come in contact with water, the flavor of the meat is more intense. In short, it tastes more like chicken.

According to Urner Barry's Senior Vice President, Michael O'Shaughnessy, air-chilled chicken has not really caught on in large part because of the extra expenses that are passed on to the consumer. Air-chilled chicken costs substantially more than traditionally cooled product and is often priced closer to what organic or locally raised chickens fetch. O'Shaughnessy says, "Americans are extra sensitive to costs these days and most are happy to eat more bargain priced poultry."

Sometimes, however, you get what you pay for. Studies have shown that water-chilled chicken absorbs up to 12 percent of its weight in added moisture during the hour long process.

While air-chilling can take up to three hours, no water is retained during the process giving the consumer more meat per pound of chicken. Whether or not air-chilled chicken ever becomes mainstream remains to be seen but it does have potential for broader than niche appeal if costs don't prove excessive. UB

Munich's Viktualienmarkt

The freshest meats and poultry and an extensive variety of available cuts, parts and portions make the Viktualienmarkt the place to shop for household and professional cooks alike.

When visiting Germany, no food industry traveler will want to miss out on the culinary temptations offered at Munich's Viktualienmarkt. Located in the very center of Munich, this historical "farmers market" is where the local housewives buy food, as do professional cooks from the top restaurants.

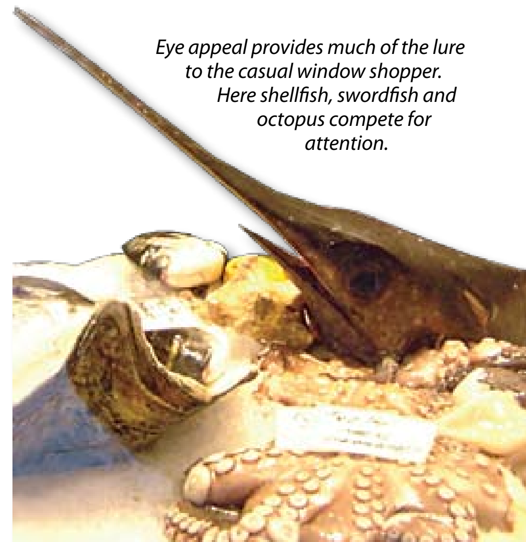
"Fresh poultry and game,.. breeds not available at your typical market, jump out at you from behind thick glass"

Founded in 1807 as a small herb market, Viktualienmarkt has developed over the years into one of Munich's biggest markets with an awesome array of meat, cheese, fish, fresh fruit and vegetables. More of a courtyard with open and enclosed storefronts than a market, upon entering, one is instantaneously tempted by the aroma of game, cheese, fish and exotic fruits and spices that can be found through the aisles of stalls. Here you can buy the freshest fruit and vegetables in the whole city as well as the most wholesome poultry, meat and seafood.

Wandering through the market is a delight. Don't be surprised at seeing anything from pork heads and hoofs, to head and feet on poultry or a fresh swordfish head on ice—with its bill still intact! According to Munich's city Web site, the quality and selection of fresh foods are often better than the usual city supermarkets. You can also find a lot of specialty items from multiple potato varieties to horse meat to organic food grown by a co-op. Fresh poultry and game, including special stock and breeds not available at your typical market, jump out at you from behind thick glass. This presentation usually gives the shopper an unobstructed view of the stand's offerings without even stepping through the door. The Viktualienmarkt has a reputation of having higher prices than your average supermarket but, in truth, many goods here are cheaper than elsewhere.

Originally a true farmer's market, few items are actually grown, raised or produced by the sellers there, but there are exceptions. Look for hand-drawn signs which have the word "eigene" but realize that this usually refers to a particular item and not the entire selection of goods at the stand.

After getting a little sustenance or the evening's meal, in traditional Munich fashion, the Viktualienmarkt has a great beer garden. Here tourist and local alike gather under the trees for a fresh beer and make plans for their next trip to this great, historic market. UB



Eye appeal provides much of the lure to the casual window shopper. Here shellfish, swordfish and octopus compete for attention.

Chef honed craft in family restaurants and kitchens

Continued from page 1

up with great food," says Hazen. As a young boy, Hazen worked at his family's two restaurants where he learned everything he needed to know about the foodservice industry. From kitchen to the plate, Hazen was well-schooled about food, but it didn't stop at the restaurant; Hazen also touts his mother for being an exceptional cook at home.

"I grew up with great food," says Chef Hazen."

With his official schooling taking place at the Culinary Institute of America (CIA), Hazen became a fellowship honoree and went back and taught at the Institute for three years. When asked if he currently teaches, Hazen responded, "I teach everyday in the restaurant. Teaching is an incredible tool to running a successful kitchen and restaurant."

Hazen, visionary and principal creator of the highly successful Tao restaurants in New York and Las Vegas, has constructed a renowned experience at all of the restaurants he has been a part of.

Chef Hazen works with some exceptional proteins. He specifically commends Marc Sarrazin of Debragga & Spitler for his fine quality meats, and praises his sirloin and fillet mignon cuts along with their Amish natural chickens. The chef also notably mentioned fourth generation Jurgielewicz Brand Long Island ducklings for their superior quality and applauded Jurgielewicz as "the best Pekin duck in the country." On the seafood side, Hazen enjoys working with Chilean Sea Bass and talked about the high quality of the fish and works with his suppliers to ensure sustainability.

What was Hazen's response when asked what the protein industry can do to improve? He simply stated, "Keep doing what they're doing!" UB

Skills meat and poultry processors want to have...

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In lean times, don't blame the economy for disappointing results. Downturns expose inefficiencies. With the right business skills, you can eliminate those problems and turn the economy to your advantage.

But standard educational resources for developing the professional skills you need to prosper often are not relevant to the meat and poultry industry. To address the need, NAMP has created a bold new series of professional development courses.

> **"Learn MBA level business survival skills with NAMP's new professional development courses."**

NORTH AMERICAN MEAT PROCESSORS ASSOCIATION

Course instructors were carefully selected for their expertise in the skills meat and poultry processors want to have, and for their specific application to our industry.

- Harvard Business School's Ian Larkin conducts two of the courses: one for owners/management on June 23-24, and the second for sales/marketing on June 24-25. Both are at the Four Points by Sheraton at Chicago's O'Hare Airport. The two courses stand alone, but strongly reinforce each other. These are MBA level courses that hit head-on how you can succeed in the current economic slowdown.

- NAMP partners for the first time with a leading trade magazine on Mark Eystad's course, "Applying the Principles of Lean Manufacturing to Meat and Poultry Operations." It follows Dr. Larkin's courses on June 26 at the same hotel. Throughout the day-long course, Mr. Eystad, a highly respected consultant to numerous large processors, skillfully applies what he knows works to medium and smaller processors.

- NAMP partners again with the American Meat Science Association to offer their new QA 101 course for the second time, June 21-22, at the University of Florida in Gainesville. NAMP and AMSA teamed up last December to introduce the course in Chicago. It drew participants from throughout North America, and was extremely well-received.

The first three of the courses, except for QA 101, are scheduled on consecutive days at the same Chicago location. Sign up for two, or all three, to help keep travel costs down and make the most of your valuable time. The courses are open to anyone in the meat and poultry industry, non-members are welcome, too.

To encourage wide-spread participation, we're offering discounts for multiple course registration and for bringing two or more people from the same company. Find more information at www.NAMP.com.

Also check out NAMP's signature Center of the Plate Training, August 5 – 7, at Colorado State University in Ft. Collins, CO. It's co-sponsored by the Beef Checkoff, the Pork Checkoff and America's Pork Producers, and the Lamb Checkoff.

The egg industry is benefitting

During the past 50 years, the egg industry has changed drastically on both sides of the supply and demand equation. On the supply side, production has become concentrated in the hands of large corporations. Before, many smaller producers scattered throughout the country, were supplying product to the consumer usually on a local or regional basis. On the demand side, purchasing power has migrated from the old-fashioned corner grocery store of the 1950s to regional supermarket chains as well as “box” stores along the lines of Wal-Mart and Costco.

Prices at which eggs are exchanged are still negotiated between buyer and seller. Typically, a volume purchase will be on a contracted basis, spread over a period of time, and supplemented as necessary by acquisitions on the spot market. But how do buyers and sellers know whether the financial postures they tender each other are “fair”? Obviously, the laws of supply and demand will affect the ultimate price. Some 150 years ago, however, buyers and sellers independently concluded that information was key... information that would provide education on what prevailing prices were locally, regionally and nationally. This need gave birth to what has become the Urner Barry daily quotation on the price of eggs, the standard by which all contract and spot market exchanges are both measured and determined.

“Specialty eggs... have certainly established a foothold in both the industry and, indeed, in the eyes of consumers.”

The price of eggs, like other proteins, is influenced by many factors. Direct costs including packaging, transportation, labor, feed, and other traditional operating expenses are fundamental to the equation. Indirect costs are also an influence... amortization of buildings and land, water and sewer, electric power, fuel and energy. Direct and indirect costs obviously play a major role in what the ultimate price of an egg transaction will be, just like they would for any consumer product, be it a durable or nondurable good. The more efficient a producer is, the bigger the profit margin will be, all other factors being equal.

During the price discovery process, a market reporter gleans information from two sources: public domains and privately reported trades. Several venues fall into the category of “public domains” but, essentially, these are organizations with an industry affiliation which, for a fee, arrange for spot trades to occur. Buyers tell the organization what they want and the price they are willing to pay, sellers relate what they have available and how much they want for it, and the clearing house endeavors to put them together at a financial position with which both parties can feel comfortable.

To be as effective as possible, a reporter must go beyond the public domain. It’s necessary to establish good working relationships with buyers and sellers within the industry so they can obtain information on private transactions as well as those made publicly. Interestingly, a good reporter will not just obtain the economic posture of transactions, but volumes, sources and destinations, additional short and long-term buyer and seller needs, a feel for prevailing supply and demand conditions...in short, all of the qualitative issues which can have an immediate and future effect on the dynamics of the industry.

A reporter, armed with both qualitative and quantitative information, develops a sense of the forces at work within the marketplace. This “sixth sense” enables a reporter to anticipate trends, to

from supply side economics

understand the intricacies involved with certain exchanges or acquisitions, and to be more keenly aware of the motivations of both buyer and seller at any distinct point in time. A reporter must remain unbiased, impartial, dispassionate and, above all, objective.

No discussion on eggs would be complete without examining the nuances associated with the supply and demand sides from a macro perspective. Classical economic theory has always stated that both a decrease in supply and/or an increase in demand can cause pricing structures to rise. Using 2006 as our base year for comparison (and 2006 was by most standards a relatively average year for the egg industry), the accompanying table shows annual averages of U.S. population, the wholesale price of a dozen large eggs, and the number of layers (amount of chickens producing eggs).

With population increasing and six million fewer layers in the field than during 2006, average wholesale prices have risen.

What does the future hold? The only thing that is certain is the uncertainty of the future. Specialty eggs (cage free, free range, organic, etc.) have certainly established a foothold in both the industry and, indeed, in the eyes of consumers. Various animal rights supporters have actively sought to ban the current way (battery cages) the majority of our egg supply is produced, even turning it into a ballot issue in selected states. Will it be universally adopted? Only time will tell, just like only time will tell what will happen to cost postures associated with feed, grain, and other inputs. However, if appropriate attention is paid to the supply side of the economic equation which, in the egg industry, has probably the biggest effect upon pricing structures, the resultant financial postures will not exhibit the pendulum-like swings that the industry has typically experienced.

YEAR	WHOLESALE PRICE (per dozen)	U.S. HUMAN POPULATION (millions)	LAYERS (millions)
2006	$0.7537	297.5	289.4
2007	$1.1695	302.7	284.9
2008 ytd	$1.4617	304.1	283.1

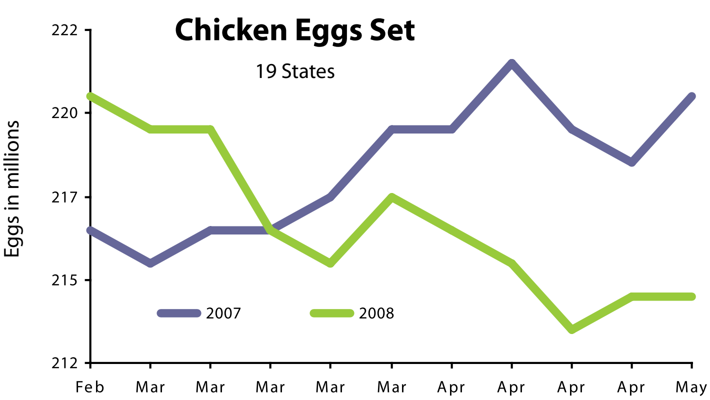
Sources: Egg prices: Urner Barry; population: U.S. Census Bureau; number of layers: USDA

Photo © Kati Molin | Dreamstime.com

Chicken: Finding equilibrium in today's market economy

Chicken is widely traded both domestically and on the export front. In poultry circles it is certainly the most widely recognized and consumed poultry, followed distantly by turkey. Available in just about any form imaginable, its marketing appeal is widespread.

During the industry's infancy, change was slow in coming to the poultry trade. Logistical challenges from transport to storage limited market accessibility. The advent of refrigeration truly turned the tide for the chicken trade, allowing the processor to concentrate on convenience, variety, food safety and a host of other topics which were previously pushed to the background. `



Source: USDA

In more recent years, the challenge for the chicken industry has been to balance export requirements with traditional domestic needs and preference for white meat. Leg quarter requirements in Russia, Asia and the Middle East have propelled values of all dark meat lines higher. While this has been a boon for some segments of the industry, increased production has resulted in growing inventories and availability of front half of the bird lines including breasts, cutlets, wings and tenders. The result has been erratic performance at the foodservice, fast-food and retail levels. When high production is considered along with the record costs of feed and fuel, some of the most challenging times in recent history are confronting the industry.

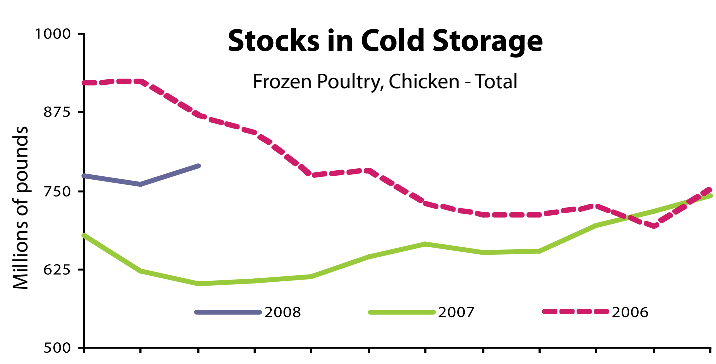
During the past few months, market conditions and values were mixed when compared to the same time period a year ago. As was largely the case in the fourth quarter of 2006, a weak dollar continued to entice foreign buyers, thereby helping to place dark meat lines at historically strong values. Wider ranging interest for white meat items destined for previously untapped international markets provided encouragement for the industry as well. Wing values, however, did not attain the highs experienced in 2007. Higher head counts and heavier birds played a noted role in providing adequate offerings and, with discretionary spending under tighter reigns, foodservice and related business fell short of potential. Breast meat managed fairly well through about mid-quarter but then in the wake of retreating demand, values diminished. An early Lenten season is often associated with negatively influencing trade patterns during this period.

"...with discretionary spending under tighter reigns, foodservice and related business fell short of potential."

Freezer stocks are the other big issue right now. The USDA is reporting figures at nearly record high levels with some holdings as much as 70% over last year for the same period. Although export needs and the value of exported chicken products are at all-time highs, the situation is being complicated by the current lack of available cargo containers and rail cars to get product to its destination. In turn, freezer stocks are building and costs of storage are increasingly significant.

Looking forward to 2008 the industry will be keeping a watchful eye on several fronts. Recent announcements of production cutbacks, both in terms of bird weights and the number of head slaughtered were well received. Prompted by historically high feed costs and the need to balance bird weights against conversion, as well as white meat supply against demand, lower hatchery figures will be paramount to controlling the supply of white meat. During recent weeks, egg sets and chick placements are showing signs of slowing.

The balance of first half 2008 will be focused on production cutbacks. Despite very good demand for back half items, the challenge facing the industry will be to balance feed conversion against weight gain and white meat supply against demand in an economy where the chicken industry may be poised to benefit from an increasingly stretched consumer dollar. UB



Source: USDA

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Turkey: Strong exports, whole birds helping to balance troubling times for breast meat

The turkey market is a multi-faceted one that encompasses everything from whole birds for traditional holiday feasts through value added products like lunch meats and hot dogs. But without doubt, it's the Thanksgiving turkey that is most closely associated with this unique and flexible line of poultry.

The domestic turkey has been genetically engineered over many years to provide unsurpassed breast meat yields, strong legs and excellent feed conversion. A typical young tom or hen is kept in the field anywhere from 17-22 weeks, dependent upon its application in the turkey market chain. Over the past decade, heavy hens have relieved light toms as the bird of choice for the retailer. Traditional retail sizes range from 8-26 pounds but are usually between 12 and 24 pounds. Heavy toms, those raised to 38 pound and heavier weight classes, are used for deboning purposes to primarily supply breast meat for finished goods utilization in deli lines. Drums, wings, necks, tails, gizzards, hearts, and livers, along with thighs, are each marketed through exporters, retailers, distributorships and further processors.

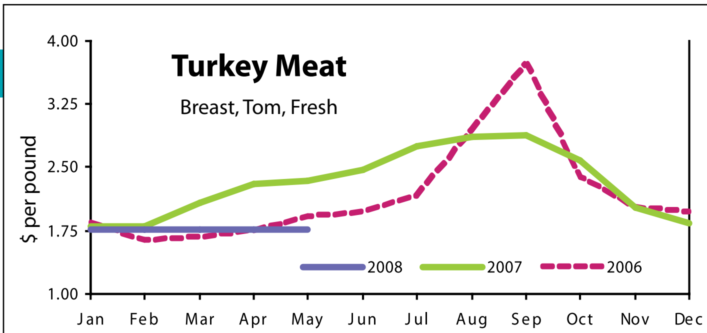
"The weak dollar is heavily influencing buyers of traditional export items."

So far the 2008 turkey market has had its share of challenges but has largely lived up to expectations. Whole bird quotations hit their quarterly low in early January and, at $.74/lb., were $.07 per pound above 2007. Availability was characterized as being adequate but confidently held and prices began to advance by late January. Breast meat requirements were spotty for most of the first quarter and at the end of March showed few signs of improvement. The quarter averaged about $.15 behind last year as heavier bird weights and a higher head count coupled to produce adequate supplies. The continued weak dollar allowed for consistently good export demand for drums, thigh meat and other traditional export items. Trade sentiment during the quarter was heavily mixed; at times reflecting high running commodity turkey values while at other times being consistently reminded as to the affects of record input costs.

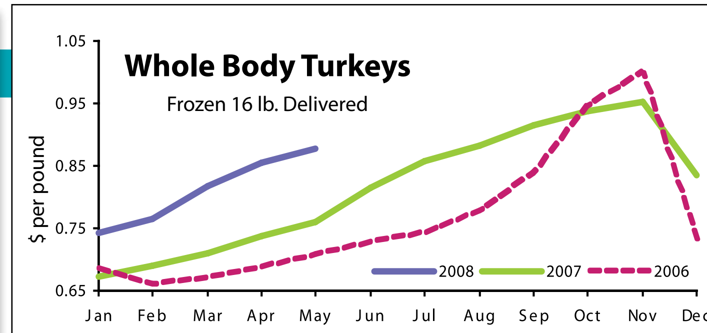
During the course of the first quarter, buyer interest was consistent if not active for whole birds and traditional export items. Breast meat demand did not materialize for needs which were any more than regular and adequate availability limited price movement. Cold storage holdings, while low and very manageable for whole birds, advanced to levels sharply above last year for the parts and other category. While not viewed as much of a challenge at the outset, when coupled with substantially higher slaughter figures and sluggish demand patterns, marketing breast meat increasingly proved challenging.

The second quarter ushered in mounting concern over not only excess production, but also extremely high fuel, energy and feed costs. Consumers' disposable income was being bartered out with increasing scrutiny as households positioned themselves in a recessionary-like stance.

Some participants in the turkey industry attribute tighter consumer purse strings to the presently less than seasonable demand patterns being reflected from within the white meat complex. Trading down is an increasingly popular term to describe the tendency of the consumer to alter



Source: Urner Barry



Source: Urner Barry

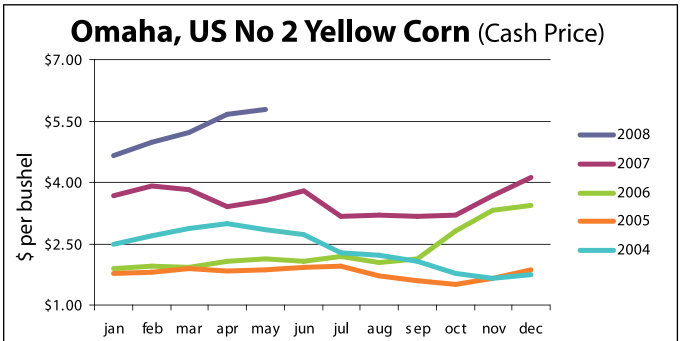
their eating habits to include lower cost alternatives during recessionary-like times. For turkey this may mean consumers will utilize lesser quality luncheon meats which, because of the lower end trims and fillers that are used in their production, will contribute to a decline in the consumption of breast meat. Given the present cost structure of not only the turkey industry, but all protein industry segments, this is an alarming scenario. Slaughter levels are still trending higher and a short-term supply correction is not immediately forthcoming. That said, recently diminished egg sets and poult placements do hold hope for reduced production levels as early as late July or August.

In the meantime, early second quarter market conditions have been surprisingly strong and consistent. The weak dollar is heavily influencing buyers of traditional export items. Even as part and thigh meat values hit historical highs, export buying power remains strong and demand active. Retail packaged toms and hens are not earning the margins that present market levels might suggest. In an input environment where feed costs are prohibitively high, processors' successful efforts at asking and getting paid advancing values are not doing much if anything to provide corporate profitability. Looking forward however, it's the lack of spot interest for breast meat that's perhaps most troublesome to the industry. Although efforts are being made to reduce slaughter, the first quarter has proved challenging and processors will have to work through inventories before regaining a more stable sales platform. UB

The burdened boxed beef market

At one time or another we have all wished for the proverbial crystal ball, as one can never be too prepared for a disastrous event. Certainly back in early 2003, the beef industry realized it fell victim to terrible misfortune. Bovine spongiform encephalopathy (BSE), or more commonly known as mad-cow disease, was detected in a cow in the United States in 2003. Since that discovery, the boxed beef market has been under negative pressure and has been very volatile.

The temporary shutdown of key export markets due to the first case of BSE in the U.S. proved very harmful to packer operating margins. Not only did the conditional closures of export markets weigh heavily with beef producers and cattle feeders, but the negative impact was felt by the beef consumer.



Source: Chicago Board of Trade

Some say the beef packing industry will never regain its pre-BSE status and also feel that the industry will be plagued by too much capacity and slumping demand. Indeed, since 2003 the beef packers have struggled with over-capacity and under-utilization of their facilities. Beef packing companies have even closed plants in an effort to improve their operating margins. A case in point would be Tyson Fresh Meats, as they have reduced their capacity by approximately 3,400 per day by shutting down two beef processing plants. JBS Swift, on the other hand, had the thought that by purchasing one of their competitors they may be somewhat more efficient.

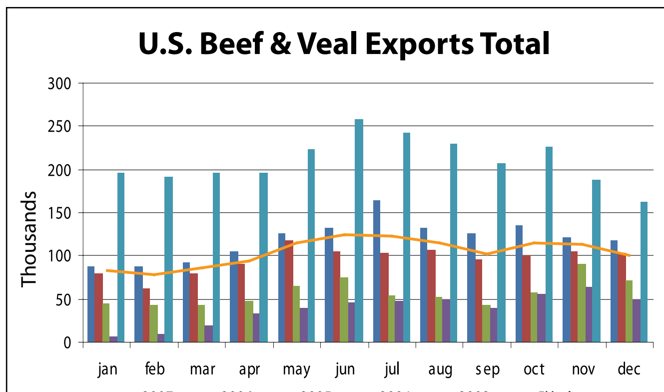
Besides the closures of export markets, the years following the BSE incidents of 2003 also saw several key influential developments. Topping that list is corn and ethanol production. Traditionally, food and energy economies have been mainly disconnected, however, the vast construction of fuel ethanol distilleries has now merged the two industries. Given the demand for fuel, the price of corn has risen to historically high levels. The cost to feed the livestock has and will continue to be passed onto the retail consumer of beef.

Not only has the supply of corn to the ethanol market impacted the center of the plate protein markets, but it has driven food industries such as dairy and other grain markets to raise their prices accordingly. The U.S. citizen is currently facing radically high prices for food as we are experiencing the most severe global food price inflation in history due to the all-time high prices of grains and soybeans.

> **"Traditionally, food and energy economies have been mainly disconnected..."**

From the consumer perspective, pressure on home budgets is firmly entrenched. Along with the historically high cost of fuel associated with the ethanol market, the crash of housing markets in combination with a volatile mortgage industry has also forced the buyer of beef to seek less-expensive cost alternatives. While beef pricing may not be at historical highs, consumers are struggling with their expendable dollar, and the strife with home budgets is expected to linger for some time.

Will the beef market ever feel like it did prior to the year 2003? How will the consumer of beef handle the aforementioned impacts on their finances? Perhaps now would be a good time to own that crystal ball. UB



Source: USDA

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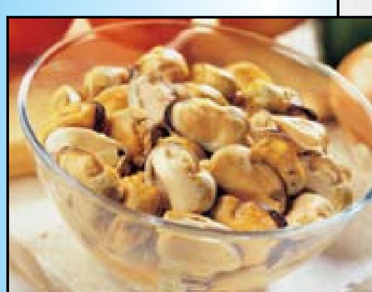

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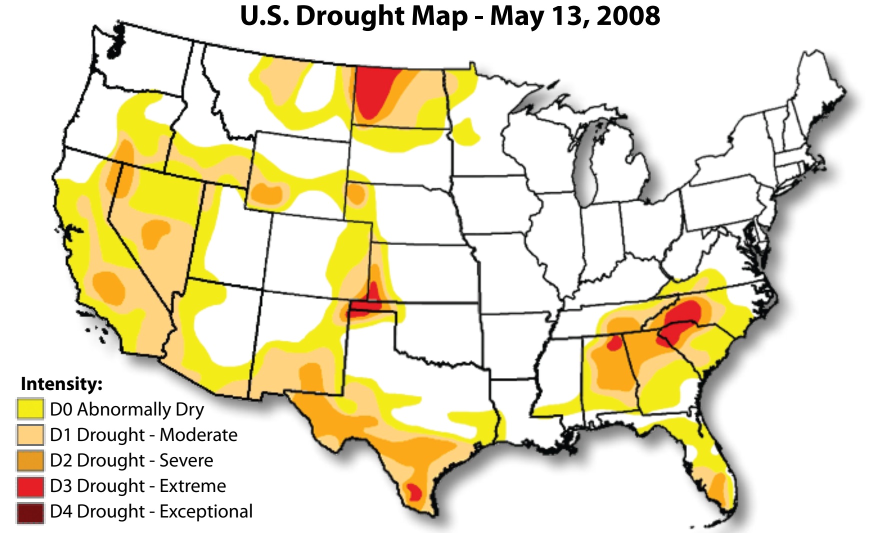
Hamburgers not immune to factors pushing food prices higher

Read the newspaper, watch TV and you're more than likely to see something on food inflation. Hamburgers, a major staple in the U.S. diet, are not immune to the factors that push food prices higher. Recently, the price to produce a hamburger has advanced sharply. Observers point to a combination of the current "food for fuel" ethanol mandates, along with the potentially long-term downgrading of middle-class America's diet from steaks to burgers, as likely catalysts. While this may be true, you may also be surprised to learn some of the other factors that appear to cause today's consumers to dig deeper when purchasing their next burger.

> "…drought in cattle producing regions has forced farmers to liquidate their cow herds…"

U.S. Drought Map - May 13, 2008



Cow numbers are significant in drought areas of the Southeast, California Texas and the upper Midwest.

Hamburger and ground beef products can be produced from many different types of raw materials. Generally speaking, there are two components: one which is very lean, and the other which is very fat. Processors have historically used 50/50 beef trimmings (50% meat, 50% fat) a by-product of steak and roast production and 90/10 (90% meat, 10% fat) lean boneless beef, which is produced from dairy cows and cattle breeding stock.

DOMESTIC SUPPLIES—HERE TODAY, GONE TOMORROW?

Looking at the cattle population is helpful when assessing the current and future supply of beef. The price of cattle has not kept pace with the increasing costs of inputs. The bleak outlook with high feed prices affects cattlemen's returns and makes it less attractive for farmers to raise, feed and sell cattle.

In the cattle industry, the "factory" is female cattle (cows). In addition to input costs, drought in cattle producing regions has forced farmers to liquidate their cow herds as animals do not have adequate pasture to graze. *(see map above)*

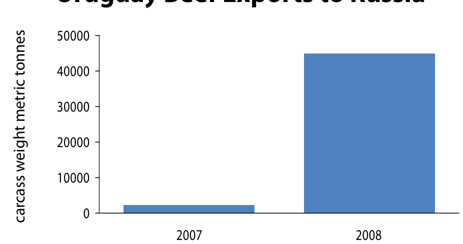
WHERE'S THE BEEF?

Given the factors above, one would think that the U.S. would have ample supplies of leaner boneless beef, and that this in turn would result in lower prices. Indeed, some of this is true. As previously mentioned, the drought and higher costs of raising cattle has resulted in an increase in the amount of lean beef that the industry has produced over the past several months. The quantity of imported beef used in hamburger production is significant, and the weak dollar, coupled with emerging competition for beef supplies, has affected the U.S.'s ability to draw meat out of our trading partners. Supplies of leaner raw materials from Australia, New Zealand, Uruguay and areas of Central America supplement our supply of domestic lean beef. Unfortunately for U.S. lean beef producers, they can't compete in some of those lucrative markets because many won't import U.S. beef from animals over 30 months of age, which is what the U.S. makes most of its lean boneless beef from.

WORLDWIDE COMPETITION FOR BEEF INCREASES

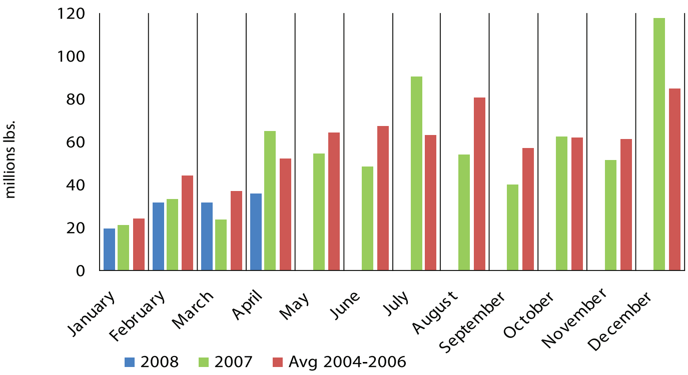
For much of the first half of 2008, Russia has been outbidding the U.S. for items that would have otherwise been sold as grinding materials. *(see graph below)* In the case of Uruguay, outbidding the U.S. is easier since that country is subject to a 26.4% duty on all but a small quantity of their U.S. beef exports. There have been periods where Russia has suspended beef trade with Brazil, a major beef supplier, drawing additional product away from the U.S. Australia too, has displaced the U.S. as the primary beef supplier to the Pacific Rim. *(see graph top left, next page)* Previously, some of this product (especially fatter trimmings) would have had to come to the U.S.

Uruguay Beef Exports to Russia



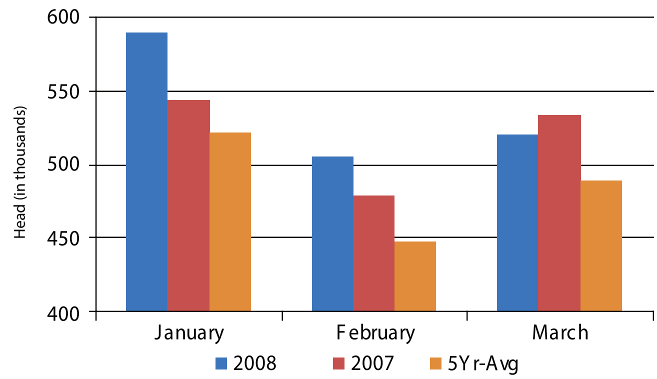
Source: inac

Imports of Beef from Australia



Source: Australian Government

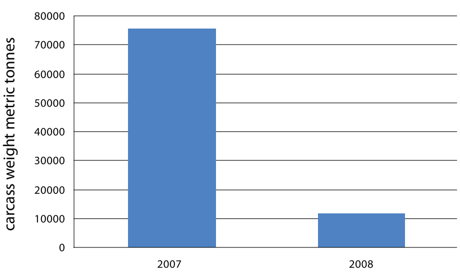
Q1 Cow Slaughter



Source: USDA

Uruguay who was the second largest exporter of beef to the U.S. only a couple of years ago, now sends only meager amounts of beef into the country. *(see graph)*

Imports of Beef from Uruguay

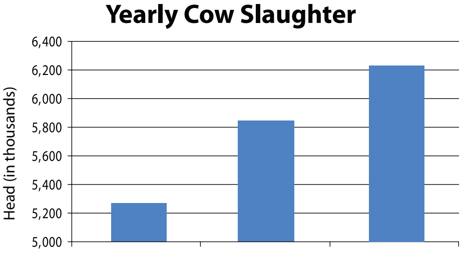


Source: inac

With the exception of March, cow slaughters are generally higher for the first quarter. *(see graph, top right)*

Yearly cow slaughters are also higher:

Yearly Cow Slaughter

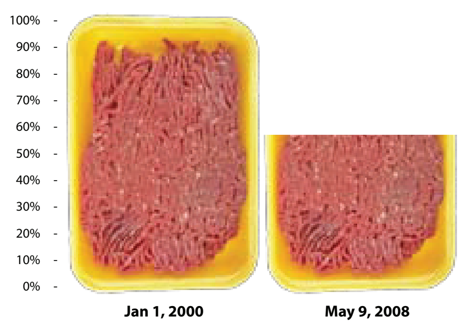


Source: USDA

Despite large supplies of lean domestic boneless beef, prices have been relatively high in 2008.

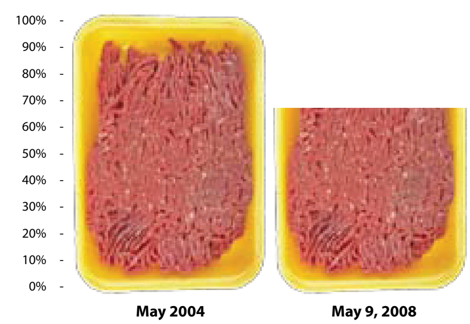
When you pay more for that burger over the next couple of months, consider the weak dollar and emerging markets abroad. *(see 'buying power' graphs)* Additionally, while more domestic animals are coming to market today, know that sooner or later, this trend will reverse. Hopefully, by then, the dollar will be stronger and the U.S. will be able to compete more effectively for lean grinding materials. UB

Buying power of the U.S. Dollar vs. Australian Dollar



Source: Federal Reserve Bank of NY

Buying power of the U.S. Dollar vs. Uruguyian Peso



Source: Federal Reserve Bank of NY

Photo © Carolinasmith | Dreamstime.com

Influences on the lamb and veal complexes

"Special occasion" or "difficult to prepare" have been consumer biases confronting both the lamb and veal complexes for quite some time, yet several other challenges are now coming to the forefront. High fuel costs are impacting many industries' bottom line and these two sectors are no different. Other recent and major concerns are the rising costs for feed and the substantial increases in imports.

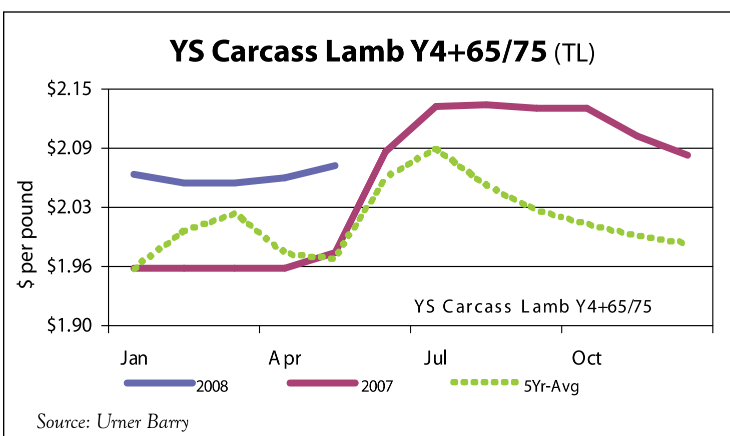
Looking at the market for veal, higher costs of milk and milk by-products have lead to increases in the price for veal cuts. The feed for milk-fed calves is derived from milk by-products, such as whey and whey protein concentrate. Bryan Scott, executive Vice President of the American Veal Association attributed the limited availability of milk products to increases in global demand, droughts in Australia and mandated cuts in milk production in the EU. That rising trend of milk and milk by-products is expected to continue for most of the first half of 2008 as supplies are projected to be limited.

"Look for both the lamb and veal industries to continue to evolve to meet consumer needs..."

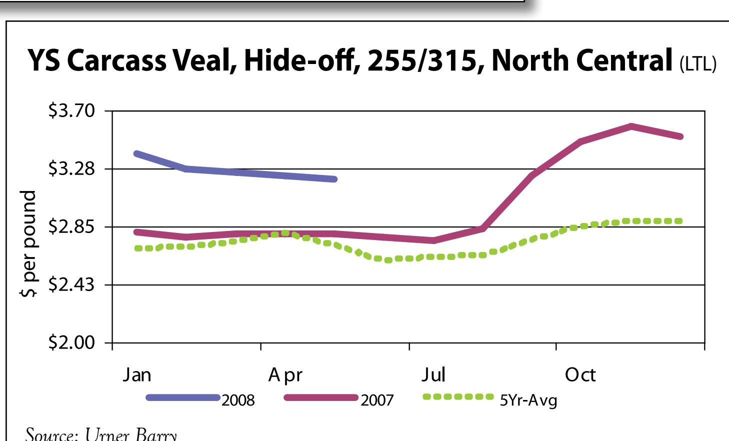
In the lamb sector, a substantial increase in imports from both Australia and New Zealand over the last ten years continues to set off alarms in the U.S. market. Despite the weak U.S. dollar, the domestic market remains attractive for lamb imports from both Australia and New Zealand. Domestic packers continue to struggle to distinguish their product. Price levels for the domestic lamb carcasses have been mixed going into the second quarter of 2008 with lighter selections demanding a premium while the heavier selections have been trending lower. Marketing the heavier selections has been more of a challenge in specific regions of the country. Seasonal trends for the boxed lamb cuts have been relatively accurate so far this year.

©iStockphoto.com/Jill Chen

Whether you are talking about issues that have been around for years or new concerns, it is clear to see that the markets are always changing, and participants will need to be able to adjust with them. Look for both the lamb and veal industries to continue to evolve to meet consumer needs and continue to work through outside influences. UB



Source: Urner Barry



Source: Urner Barry

Empacadora Celaya, S.A. de C.V.

An enterprise proud of its origins in Celaya

Una empresa orgullosamente Celayense

Founded in 1976, Empacadora Celaya is one of the top producers of high-quality deli meats in Mexico.

It began as a small family business in the city of Celaya, Guanajuato.

To keep up with increasing consumer demand, Empacadora Celaya is currently expanding its processing plants to double production.

Capistrano

One of the company's most successful brands, offers a complete line of high-quality ham and deli meats at very competitive prices.

It is marketed under the slogan: "*Capistrano: Freshness and Nutrition*", which clearly demonstrates the commitment to the company's mission statement: "Our goal is to proudly satisfy each and every customer order while satisfying the nutritional needs of society."

Additionally, Empacadora Celaya offers a full line of products from a host of their family brands, all with the same excellent quality.

Fundada en 1976, Empacadora Celaya es una de las principales productoras de carne delicatessen en México.

Inició como un pequeño negocio familiar en la ciudad de Celaya, Guanajuato.

Al día de hoy, Empacadora Celaya ha experimentado tal crecimiento que su planta procesadora se está expandiendo, con la intención de duplicar sus niveles de producción.

Capistrano una de las marcas más exitosas de la compañía, ofrece una línea completa de jamones y carnes frías delicatessen a precios muy competitivos.

Promocionada bajo el slogan "Capistrano es frescura y nutrición", demostrando su compromiso con la misión de la empresa: "Cumplir orgullosamente con cada compromiso establecido con nuestros clientes, satisfaciendo las necesidades de nutrición de la sociedad".

Adicionalmente, Empacadora Celaya le ofrece una gran variedad de productos en otras marcas de excelente calidad.

Capistrano   Marietta ...el sabor del hogar   Arcos   Any

For more information visit our Web site / *Para mayor información visite nuestra página:*

www.capistrano.com.mx

Or contact us at / *O contáctenos en:*

compras@capistrano.com.mx

Celaya Guanajuato México

Telephone: (52) 461 61 88500 Ext. 5100

U.S. pork: the world's product

In the United States pork has always seemed to take a back seat to the beef market in terms of both popularity and shelf space; this is not the case in most other parts of the world. In terms of global consumption, pork is the most consumed major protein in the world, surpassing chicken—which is its real competition in this country. While most other parts of the world are eating more pork, the meat is not coming from commercial production, but rather small personal farms. The U.S. commercial hog industry has existed more or less since the start of our country and has been growing ever since. Today the United States has the largest commercial hog production in the world in terms of dollars and continues to expand.

The commercial hog raising process is also changing and barely resembles what we saw only 15 years ago. Many of the smaller family type farms have been consolidated; there are fewer farms and more hogs per farm, and these farms tend to only perform one part of the total process. In fact, from 1992 to 2004 the number of hog farms fell by more than 70% from 240,000 to less than 70,000. The amount of hogs per farm has also increased with the average size of U.S. hog operations growing from 945 head in 1992 to 4,646 head in 2004. The rapid shift to fewer and larger operations that specialize in a single phase of production and use production contracts has resulted in substantial productivity gains for hog farms. These changes came out of need, and have led to lower fixed costs for the different stages of production, while at the same time helping to contribute to better margins for producers and overall lower prices at the market.

> **"While challenges do exist, the financial incentive will always be there and someone will always figure out how to capitalize on it."**

The number of hogs produced also continues to increase thanks to a combination of better breeding and better survival rates due to veterinary advances. Packers have been more than willing to run the larger numbers as this allows them to run their plants more efficiently and cut their fixed costs. The only complication is moving the meat—and lately that has not been a problem. Growing world populations and developing nations are looking to the U.S. as a high-quality source of the protein they already prefer and domestic operations are expanding to meet that need. Almost all of the major packers have large export contracts with various countries around the world, and the number of countries interested in U.S. pork continues to grow.

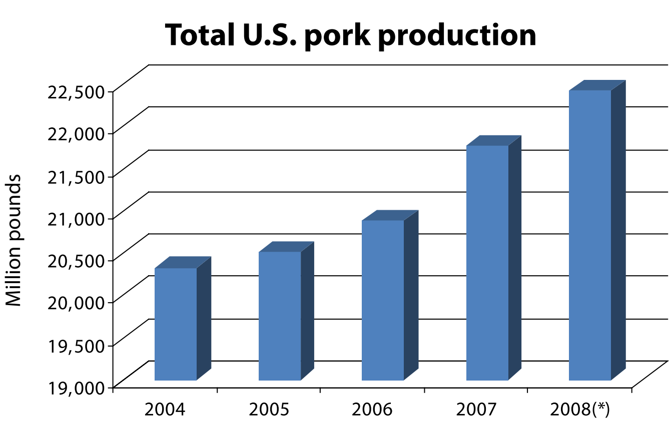
Exports have increased at a higher rate than many would have ever anticipated; this past January saw export sales 27% higher than the year before. Larger increases are expected to be seen as the year goes on and 2008 is estimated to finish out at 3.7 billion pounds, nearly triple our level for 1998. These increases are coming from both existing customers who are growing and buying more, and new customers coming into the market. China has been a huge factor and has been buying double the amount we traditionally see as their population is not only growing in size but also in affluence. This is the case in many other parts of the world as well where developing nations are taking advantage of their own economic prosperity and the current low value of the U.S. dollar to enjoy a higher quality protein. Production has been increasing at a rate 5-10% a year in order to keep up.

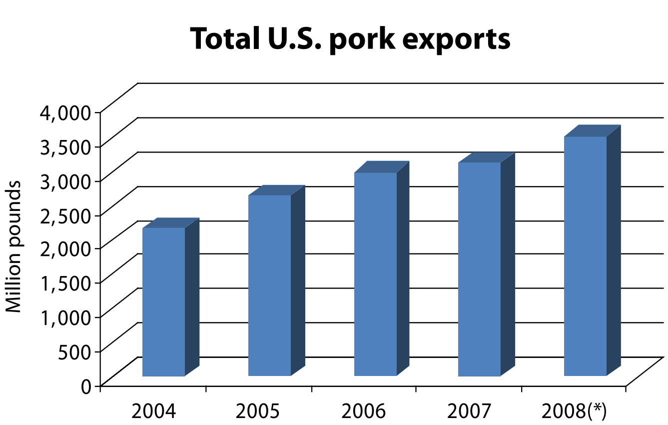
Some feel there is a downside to this increase in export business and the increased production that follows. Export orders are typically only for a handful of items; hams, butts, varieties and picnics to name a few. Recently some new items have been garnering increased interest from export buyers, namely boneless loins and carcasses, and this is helping to lend additional support. The problem is that you can't only slaughter for these items, you get all of the others as well. This has resulted in some situations where certain items have been oversupplied on the domestic market and their values have suffered as a result. Bellies are an example of an item that has little to no export interest and at times suffers domestically because of it; spareribs are another. These situations will likely continue and they will do little to keep packers from aggressively trying to fill the growing amount of export orders that are out on the market.

Costs of production continue to plague not only the pork sector, but all agricultural industries. Of specific hindrance are the escalating costs of feed and transportation. Ethanol is the hottest fuel alternative at the moment and currently we are choosing to focus our effort on corn-based production. The focus has lead to an enormous increase in the cost of corn, the number one component in most animal feed. Getting animals to market has also become more expensive with the increase in diesel prices which also affects the cost of transporting the sold meat. Some sellers are citing recent shipping increases of as much as 50%. These increases have begun to be transferred on down the line and are starting to be felt by consumers at the retail level, but the full increase has yet to be passed on.

Most experts say it will be well into 2009 before all of the cost increases are transferred down to the consumer; and this will present some challenges for our industry. Production has increased significantly but per capita consumption has not kept up; currently export business is making up most of the difference. These customers, however, are buying because it is cheap right now—thanks to the value of the dollar, but what happens when that changes? How will consumers react when the full effects of increased costs are finally transferred to sticker prices? These are some of the tough questions our industry is facing and there are more than a few people scratching their heads.

The answer is simple and it is the same one we have come to in the past when we have been faced with challenges. The industries, the companies and the people they employ will have to adjust, re-evaluate and re-organize the way they think and do business in order to suit the market conditions at that time. While challenges do exist, the financial incentive will always be there and someone will always figure out how to capitalize on it.





*Estimated. Source: Comtell, USDA history.

By-product industry poised for growth

Biodiesel refers to a non petroleum-based, low-emission, renewable diesel fuel made by utilizing vegetable oils or animal fats typically known as greases, tallows or lard. Government subsidies have caused significant domestic growth in this sector; growth which has resulted in prices for both animal fats and vegetable oils to soar to historically high price levels.

Renderer and packer tallows, as well as vegetable oils, are also commonly used in the chemical sector for production in items such as cleaning supplies, cosmetics, candles and soap, among others. Demand in that sector has also been a driving force for the inedible tallows.

The volatility of the Chicago Board of Trade (CBOT) in the first quarter of 2008 has limited the upward potential of this market.

There is some speculation that demand from the feed sector could back off, however, demand from the chemical and biodiesel sector is expected to remain strong as the increase in biodiesel facilities to come online continues.

"Government subsidies have caused significant domestic growth in this sector."

As animal fat, tallows, lard, choice white grease, etc., are limited in supply, they cannot be viewed as the only sources to produce biodiesel. Waste vegetable oil's availability is likewise limited and further feedstocks are required to compete with the growing demand of the biodiesel sector. That being said, we could see interest from the biodiesel sector shift from the choice white grease to the renderer tallow in the near future. UB

Variety meats: the essential extras

Most people feel they have a decent understanding of the foods they eat, both where they come from and what they are made of. We know that pork chops come from pigs and all those steaks in the meat case come from one part or another of the cow. Most of us even have an appreciation for the size of the animals we slaughter in our food supply with cattle typically in the 1200 pound range and hogs somewhere near 270 pounds. These animals, however, are much more than steaks, hams, chops and trimmings; the entire animal is used in one way or another... Which begs the question, where do all those other parts go and what are they used for?

> **"Recent trends in white table-cloth dining have turned to some of the variety meats, and with good results."**

The market for these types of animal parts and products is creatively referred to as the "variety meats" market and is littered with items that many of us either didn't know existed, or can't believe people actually use. Items such as tongues, cheek meat, hearts, kidneys, livers, chitterlings, feet, neck bones, salivary glands, tripe, snouts, tails etc; are harvested during both the beef and pork industry's slaughter process. These items tend to be more traditional than many people think and have been harvested and used since even before humans domesticated animals. Originally these items were harvested simply as additional meat for general consumption with the exception of certain organs that held specific religious and ceremonial functions.

Today, these items are isolated and lend quite a bit of sellable product to the overall final value of each animal; without these varieties markets no packer would turn a profit. The typical destination for many of these items tends to be export where they are consumed as part of traditional cultural menus. Countries such as Mexico and Korea are big buyers of certain U.S. variety meats. Mexico's interest especially lies in tripe and head meat while Korea's interest lies in tongues and oxtails. These types of items tend to appeal to these more traditional cultures that have historically always eaten them; recent influxes of these cultures into the United States have led to an increase for them in the domestic market.

Many of these variety items do not appeal to the typical domestic consumer, however, and can be a challenge to market on their own. To get passed this negative perception processors tend to use these items in combination with others to make certain products. For instance, cheek meat, head meat and hearts are commonly used in the grinding mix of cheaper, lower grade hot dogs and hamburgers. Kidneys are typically used in applications that call for cooking with moist heat such as braising or adding them to a stew. Pig's feet are typically pickled while many other items are fried, such as chitterlings. While these may be an example of the more traditional uses of these items, some new and interesting ones are popping up in some surprising places.

Recent trends in white tablecloth dining have turned to some of the variety meats and with good results; one such example is with beef cheek meat. This thick muscle is said to have a good, rich flavor while still retaining tenderness and being open to a variety of preparation methods. A trendy offering, cheek meat has been becoming more and more popular and supplies are typically seen as hit or miss. Tongue meat is another example of traditional variety item getting some new twists as both Asian and Mexican markets embrace their use in new ways by local chefs.

Markets for these items look to continue to grow as more of the world is opened up to trade and as communities of immigrants in this country continue to grow. Prices of variety items face the same challenges as those in any other. Increases in fixed costs, for example are having the same effect on the variety meat sector as they are on the other protein markets; costs are going up and prices will need to move accordingly, without exceeding and therefore hindering demand. UB

U.S. farmed salmon supplies remain

Seafood consumption in the United States is growing. Looking at the most recent figures, however, the growth in this industry did not come from salmon.

The majority of salmon consumed by the U.S. is farmed Atlantic salmon. Arriving mainly from Chile, there is also a portion that is exported from Canada. About 535 million total pounds of farmed salmon were imported in 2007, an approximate increase of 3% from 2006 levels.

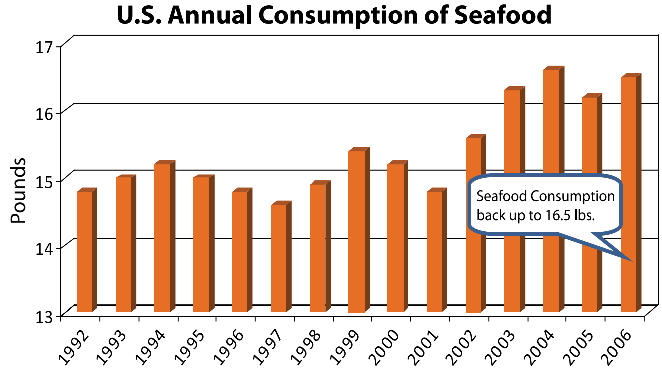
Expectations of a greater supply of Chilean salmon were curtailed this year with many news stories continuing to point out supply issues: Infectious salmon anemia (ISA), slow growth rates, inefficient feed conversions, unfavorable exchange rates, increasing fuel and feed costs as well as labor issues have all contributed to the current supply uncertainty.

Over the past few years, the Chilean farmed salmon industry has seen double digit growth in exports. 2004 through 2006 experienced increases of 25%, 20%, and 28% respectively. In 2007, however, the salmon industry in Chile only saw a 2% increase in value and 3% in volume.

Farmed Atlantic salmon marketers in the U.S. are still facing a decreasing supply from Chile—a situation that has caused persistent frustration for U.S. traders since the summer of 2006. As of mid-to-late April, reports continued to surface regarding a decrease in supply and fewer products available for 2008.

Constant headlines in the news seem to be reminders of the challenges that Chile faces. On March 28, 2008, *The New York Times* published an article that had the potential

U.S. Annual Consumption of Seafood



Source: National Fisheries Institute

tight amid continued biological issues

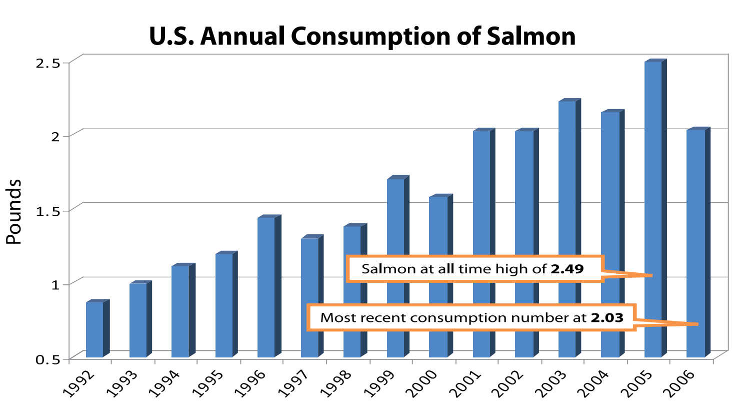
to be a major blow to the industry. Chilean salmon companies were accused of using unapproved antibiotics as well as unapproved antibiotics. The article also touched on labor issues which have continued to surface in the headlines and have become a very sensitive subject all over the world. The shrimp industries in Thailand and Bangladesh are also dealing with serious allegations of violating labor laws.

Salmon of the Americans, an association of salmon producers in both North and South America, had an immediate response to *The New York Times'* article, and Seafoodnews.com editor John Sackton had this to say regarding the issues…

> "[If local labor groups connect with environmental NGOs] this is a very potent threat. The support of a local opposition group gives the NGOs a much stronger moral position, since they then put themselves in the position of defending the victims of a rapacious industry."

> "So the threat of Coapach and Agopa to make common cause with international NGOs for a boycott of Chilean salmon could create real problems for the industry, beyond the existing issues of dealing with a disease outbreak and some production slowdowns."

Sackton goes on to say that big retail customers are very sensitive to these campaigns because the NGOs have an ability to spend a lot of money on publicity. Additionally, he explains that these campaigns are hard to stop.



Source: National Fisheries Institute

> "The most important thing the Chilean industry can do right now is to try and get out in front of the issue by introducing their practices and successes to the wider consumer community."

In response to the negative press, the Chilean industry has been active by launching ad campaigns, creating groups such as the G6, consisting of the largest salmon producers in the country, which will tackle the disease problems and be more forthright in speaking about the issues.

Marine Harvest, the largest exporter of farmed salmon to the U.S. last year and the largest salmon producer in the world said it will cut harvest operations in Chile by 50,000 tons or roughly 30% of their production in 2008. In addition, the G6 said that in 2007 they combined for 670,000 tons. 2008 predictions are between 610,000 and 660,000 tons. Atlantic salmon are estimated to be around 300,000 to 350,000 tons in 2008.

The outlook appears grim for Chilean farmed salmon; however, U.S. marketers do not have many other choices for finfish. Fresh tilapia, for instance, is currently experiencing all time highs in the U.S. market. 5-7 ounce fillets, for example, are currently at $3.75-$3.85 per pound, whereas, Chilean salmon 2-3 pound fillets are seeing prices of $3.35-$3.45.

Another option is wild salmon; however, production is much less than farmed. Wild salmon consumed in the U.S. comes almost exclusively from Alaska, with some coming from the West Coast of the U.S. and Canada. This year, however, only the state of Washington will have a wild salmon harvest as the Oregon and California fisheries have closed. Although the number of fish that come from this region is small, their value is quite high and no production will hurt the local communities there.

The Alaskan wild salmon harvest in 2007 was 212 million pounds, and a significant decrease for 2008 is expected—only 137 million pounds. The decline is being attributed solely to the pink harvest (an additional species of wild salmon), which on even years is much less than the runs in odd years.

Looking forward, the farmed salmon industry will see less volume from Chile this year. Production from Canada is increasing, but there may not be enough supply to fully cover the lack of supply from Chile. The Alaskan wild salmon harvest is forecasted to be one of the top five harvests in history, yet much less than last year because of the lower even-year run for pink salmon. UB

Not so different challenges exist at the new Fulton Market

After 180 years of selling fish on the streets of lower Manhattan, some transition took place when the New York Fulton Market was relocated to the Bronx, NY. Sellers that were facing financial difficulty decided to close their doors while others consolidated or expanded. Now, after more than two years since the transition, the market continues to operate with business as usual.

Bobby Donahue from Lockwood & Winant, New York Fulton Fish Market.

The still new Hunts Point Food Distribution Center clearly demonstrates that buying patterns have changed from the old NY Fulton Market. Today, the majority of business is done on Mondays, Thursdays and Fridays with most sellers reporting lackluster sales on both Tuesdays and Wednesdays. Prior to the move, only one day in mid-week experienced dull sales.

Challenges for the market exist at Hunts Point as they did in Fulton. So far, during 2008 supply issues have been reported by many suppliers of flatfish and groundfish. Fishing restrictions have contributed to the lower volume of available fish. In addition, fishing efforts have been dictated by costs. Fishing trips are carefully planned according to the likelihood of a plentiful catch as well as the prospect that market conditions will yield a profit. As a result, the overall supply has decreased, causing an overall increase in market price. Higher market prices have in turn suppressed the overall demand for groundfish and flatfish.

"...the market continues to operate with business as usual."

Many restricted fishing areas will re-open on June 1st and sellers in the NY Fulton Market anticipate that supplies of flatfish and groundfish will improve, thus boosting their business. UB

Conservation will limit supply of scallops

Scallops are among the top ten seafood items consumed in the U.S. They are landed primarily in Eastern Canada and the central and mid-Atlantic regions of the United States. In an attempt to conserve it as a natural resource, the scallop industry is highly regulated. Canada is on a strict quota system, while the U.S. plan calls for a total allowable catch. The much larger U.S. catch (three to four times Canada's haul) is regulated by days at sea, number of persons per boat, allowable gear, size of vessel, and opening of closed areas.

> **"...successful conservation efforts have resulted in the return of a healthy fishery."**

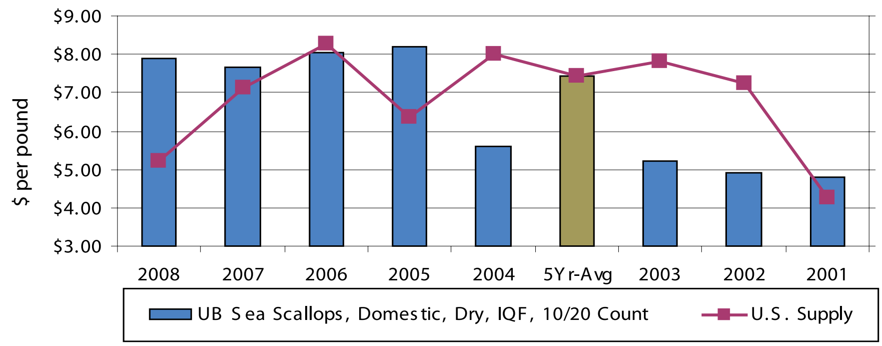
Since 1999, domestic landings have steadily improved. The industry hit bottom in terms of landings in 1998 when the fishery yielded only 13.166 million pounds. Since then, successful conservation efforts have resulted in the return of a healthy fishery. 2007 landings are estimated at 58 million pounds, or 341 percent above 1998 levels. Expectations for 2008 are 48 million pounds, and for 2009, 52 million pounds. Landings reached a peak of 64.8 million pounds in 2004.

Domestic production is supplemented by imports, which in the lean years meant as much as 80 percent of total supply, and more recently accounts for roughly half of the supply in the U.S. In 2007, the U.S. imported 56.6 million pounds of scallops.

From 2002 through 2004, the unusually high supply situation caused market prices to suffer. The following year (2005), a roughly nine percent decline in supply caused market prices to spike. More recently, the market has been largely unaffected by supply. A spike in supply in 2006 went largely unnoticed, as have more recent declines in supplies. Experts point to a rather robust export market.

The current market is flat, and largely in-line with the five-year average. Total supply is expected to decline 11 percent in 2008, limiting the possibility of much downside risk. UB

Sea Scallops, Domestic, Dry, IQF, 10/20 Count



* 2008 U.S. Supply is estimated ** 2008 $ is Jan-Apr

Source: Urner Barry

Feed costs and bad weather reduce tilapia supply in the U.S.

Tilapia is a versatile fish that is quickly gaining popularity. No doubt, you will find it available at any restaurant you visit. It is also frequently offered at the seafood department of your local grocery store as either a fresh or frozen item. It is not a "fishy" fish, and is often thought of as a high-value option by many in the business. Despite all these attributes, the tilapia industry has been struggling over the past year or so.

Demand for low-cost frozen Chinese tilapia fillets has been unprecedented—surpassing 30% of annual growth during the past three years. Similarly, fresh fillets produced in Latin America have also proved fairly appealing to those who prefer fresh products. How, you may ask, is this industry struggling if growth has been so substantial?

Briefly, two years ago, production problems in Costa Rica caused a significant shortage of fresh tilapia fillets during Lent, the highest demand season of the year. This resulted in unfortunate long term consequences for many marketers of fresh product in the U.S. When prices began to rise, many traditional fresh buyers had no option but to find an immediate substitute. They turned to frozen tilapia from China which was fortunately readily available and at a substantially lower price. As a matter of fact, tilapia imports from China have increased 43% and 35% in 2006 and 2007 respectively, even when faced with food safety issues last year. Moreover, many of those buyers of fresh product who switched to Chinese frozen fillets didn't show much interest until the beginnings of 2008.

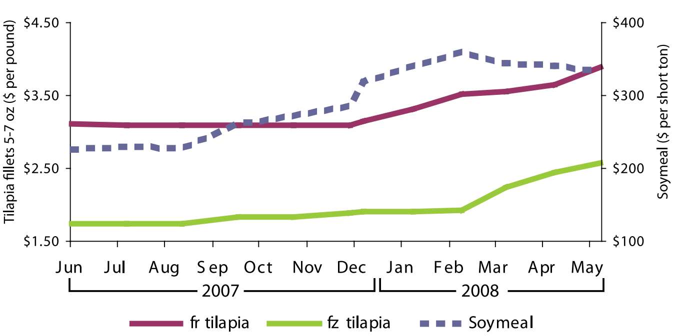
"...producers' profit margins were seriously being squeezed as rising input costs ... were placing increased pressure on the market."

In the second half of 2006 the fresh fillet market experienced a flat behavior. Production from Costa Rica was in the midst of showing signs of recovery. Supplies were more than adequate, thanks to growth from other countries like Ecuador and Honduras, and prices began to gradually trend lower at the beginning of 2007. By Lent of 2007, only prices of larger fillets were experiencing slightly elevated levels, but thereafter, prices simply kept going down until late 2007.

Producers' profit margins were seriously being squeezed as rising input costs, especially those for feed—which according to many producers account nearly for 60 to 70% of the total production costs—and low selling prices were placing increased pressure on the market. Additionally, news about the lift of tariffs for shrimp imports from Ecuador into the U.S. made some tilapia producers switch to shrimp production, getting out of the tilapia industry altogether. As a result, imports of fresh tilapia from Ecuador started to decline gradually from mid-2007until February of 2008.

Ecuador's market share accounts for approximately 35% of the total supply, however, months ago this figure fluctuated around the 50% mark. When compared to last year, exports from this country are approximately 20% lower. Yet, total U.S. imports of fresh fillets from C&SA are up, and other producing countries like Costa Rica and Honduras have readily covered demand and increased their producing capacities in a significant manner.

Soy Meal Continuous Front-Month Futures



Source: CBOT and Urner Barry

2008 began with the market facing a radically different scenario. Traditional importers of frozen fillets were experiencing difficulties replacing inventories during the last quarter of 2007. Preparing supply for the Lenten season is critical, and Chinese packers took this increase in demand as a window of opportunity to increase prices. The reasoning behind increasing replacement costs to U.S. importers was fundamentally based on stricter inspection laws which resulted from the food safety scandals of 2007. In fact, it was getting very risky for exporters to offer product given that exporting licenses were being revoked left and right. Also, prices for the components of tilapia food— corn, soy, and fishmeal— have all skyrocketed and have therefore increased the cost of feed. Finally, Chinese New Year festivities seriously disrupted shipments of product during the highest demand season for fish in the U.S. as it was just one day different from the beginning of Lent. All these issues collectively placed significant pressure on wholesale tilapia prices with many importers absorbing higher, yet affordable, replacement costs.

After Lent, China experienced severe winter weather with dramatic decreases in temperature and blizzards in the southern provinces of the country. Fish mortality reached approximately 65 to 70%. Supplies were seriously affected and U.S. importers had no option but to bid higher on the remaining inventory. So, given that expected stocks were going to be extremely short, replacement costs continued to increase during March and April with wholesale prices in the U.S. increasing more than $0.60/lb since the mortality news broke.

Recently, the pages have turned. Producers from both regions have pushed prices up because of higher input costs. To pressure prices even further, a short supply of product from China has forced buyers to seek fresh tilapia, leaving importers and distributors to take care of their contractual obligations and not offer much on the spot market. Consensus indicates that the market will not soften for at least the mid-term period. Simply put, prices are up, demand is up, costs are high, and supplies are short. Soon, the inevitability of passing the higher supply chain costs onto the consumer will become a reality. UB

Tuna getting caught in a net of challenges

Catching, processing, and distributing tuna is considered an industry unto its own which leads into the equally big business of producing and selling canned tuna. For example, this industry is valued at U.S.$3 billion annually. Yet, tuna is a wild-caught fishery and high fuel costs, among other factors such as a weak economy and unfavorable exchange rates, are negatively impacting it.

The majority of tuna consumed in the U.S. comes from South East Asia, and in lesser volume from Central and South America, as well as domestically. The fishing industry is one of the largest components of the South East Asian economy and fuel costs are whittling away profit margins. During the past few months, fishing companies in these countries have had little choice but to raise prices to U.S. importers.

"…fishing companies… have had little choice but to raise prices…"

Most tuna is sold canned, although fresh and frozen presentations, such as steaks, boneless pieces, or fillets, are becoming increasingly popular in the U.S. For instance, tuna is an essential element in sushi and sashimi, two basic yet popular Japanese dishes that are highly treasured by American consumers. Of all the commercially traded species of tuna, yellowfin, also known as ahi, is regarded as the most valuable tuna catch and has developed quite a following across the U.S., particularly in the forms of steaks and fillets. Nonetheless, demand is being negatively impacted by the weak economy, high wholesale prices, and consumers that are less likely to dine out or pay a premium at the grocery store.

Due to their adaptability to the grill, tuna steaks are generally a summer season item. Pricing usually fluctuates little. Selling levels in the U.S. managed to increase slightly in September of 2007 but have remained relatively flat since then. Pricing can vary widely depending on the grade with sashimi grade tuna, for example, commanding premiums. Although pricing in the U.S. has remained relatively steady, overseas offers have not. Importers have been forced to take the hit of a higher cost plateau while selling at the same level during the past few months. Finally, we must not forget that a weak dollar makes tuna imports more expensive.

Many importers continue to report higher replacement costs. Fresh domestic and imported, number one graded tuna—or sashimi graded—prices have averaged $7.35 year-to-date. This is an increase of 5% over the five-year average price. Pricing for the months of January, April and May of 2008 have exceed the average monthly price for the last five years. The increase in fishing costs outweighs the market price increase over the last five years.

Inconsistent supplies of both domestic and imported fish, along with significant increases in fuel costs, have challenged the industry. With the summer grilling season, the threat of advancing wholesale prices in an environment where the consumer's discretionary income isn't going as far will be just another of the many issues currently facing the tuna fishing industry. UB

Halibut, a well-managed fishery

Halibut is the largest of all flatfish and one of the largest of all fish, capable of growing to over 500 pounds. It is managed by a public organization called the International Pacific Halibut Commission. Each fishing area has its own quota. In the U.S., fishermen are allotted an individual fishing quota (IFQ), while in Canada, each licensed vessel receives an individual quota (IVQ). In addition to quotas, the fishery has set openings and closings with the season typically running from March through November. The halibut fishery is known to be one of the most well-managed, and the available supply seems to indicate its sustainability.

2008 Alaskan landings during March and April exceeded levels from a year ago by over a half million pounds. May's landings, however, were nearly 2.5 million pounds less than 2007 as the combination of inclement weather and curtailed fishing efforts have caused reduction in the overall supply. This equates to a 33% reduction for the month. The total allowable catch, TAC, for 2008 is 48,040,800 and year-to-date landings as of May equal 29% or 14,044,219. The current demand is barely absorbing the available supply. Due to a slow-down in overall demand, frozen inventory from last season is still available so producers are not motivated to freeze any surplus supply at this time.

"The current demand is barely absorbing the available supply."

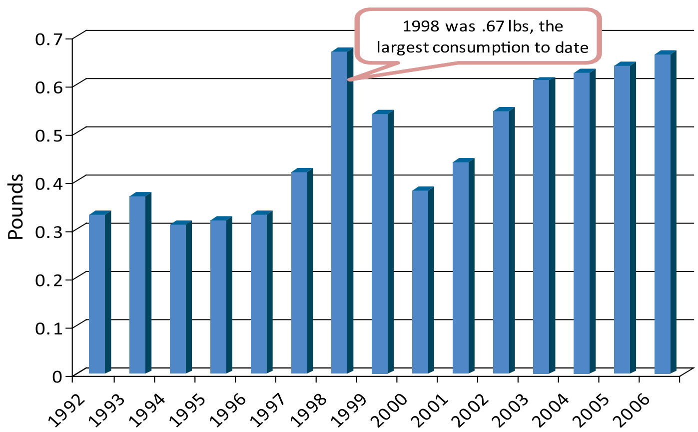
Ronnie DiGregorio of Carl's Seafood at the New York Fulton Fish Market holding whole, fresh halibut.

Halibut pricing has remained about the same as last year with the average year-to-date price of 10-20 kilo fresh fish being $5.48, 20-40 kilo $5.80, and 40 and up at $6.12. Steady market prices are in part due to buyers' resistance to higher prices. Strong landings are expected and should build inventories of frozen product. Frozen supply during the off season should yield adequate to fully adequate supplies. UB

Crab consumption on the rise

Crab consumption in the United States is growing. After a spike in 1998, 1999 and 2000 experienced a downturn in consumption, and since then there has been nowhere to go but up! Crab consumption in the U.S. is comprised of dungeness crab, king crab, opilio (snow crab), and blue crab.

U.S. annual per capita crab consumption



Source: National Fisheries Institute

ALASKAN KING CRAB
Highest levels since 2004

The U.S. red Alaskan king crab market has not reached the current pricing levels since 2004. The biggest factor affecting the market is the lack of Russian product this year. The U.S. is supplied by both Alaska and Russia for red and golden king crab. Red crab, being the more popular of the two species, usually commands a premium over the gold product.

Illegal fishing was reported as a common occurrence in Russia after the break-up of the Soviet Union. As a result, the Russian government has cracked down on illegal harvesting and fishing, thus creating a lack of supply and replacement product in the United States. Most of the smaller crab, 20-24 count and 20 and up count come from Russia and are very popular for retail and wholesale; these sizes continue to be in high demand. The mid-sizes are not as popular in the U.S., however, larger sizes, 9-12s and especially 6-9s, are favorite items for buffets and even in retailers' seafood cases.

OPILIO (Snow crab)

One of the reasons why we may have experienced a large increase in 1998 crab consumption could be due to the Alaskan opilio crab season. The years 1997, 1998, and 1999 saw 117, 243, and 194 million pounds landed each year respectively. Then in 2000, the quota was drastically cut to only 33 million pounds where it remained for the next six years. In the same year, (2000) crab consumption fell back to 1996 levels. Currently the Alaskan opilio market quota has increased again, but it is a far cry from the 243 million pounds landed ten years ago. The 2007-08 season quota is set for 67 million pounds and thus far has maintained stronger pricing than the current five-year UB price average. As the end of this season draws near and the Alaskan quota is almost completely met, pricing has softened some. Currently, the supply in the U.S. market is fully adequate.

"... larger sizes, 9-12s and especially 6-9s, are favorite items for buffets and even in retailers' seafood cases."

In addition to Alaska, the United States also receives a large percentage of its opilio from Eastern Canada, Newfoundland and the Gulf of Saint Lawrence. Alaskan opilio typically commands a premium over the Canadian snow crab, which it is more commonly referred to as on the east coast.

This year the Newfoundland quota was set at 54,320 tons, which is roughly 120 million pounds. This is a slight increase from the 2007 quota. The Gulf quota, on the other hand, was cut 10% to 20,900 tons or about 44 million pounds.

The Canadian snow crab season revolves heavily around the Japanese and their buying patterns. Japanese generally buy Gulf crab, but they also reportedly buy crab from Newfoundland as well. The amount of product the U.S. will see from Canada will depend on the amount of product to which the Japanese commit. Last year, for instance, the Japanese bought 9,500 tons out of the 20,000 tons the country produced. The weak dollar and rising fuel costs will not be helping the U.S. situation; however, the U.S. market appears to be adequately supplied of snow crab for the current demand.

CRAB MEAT

The supply of Indonesian crab meat is short. Replacement costs have been on the rise and importers report that it has been a challenge to secure product. Market prices have reached an all-time high. Demand continues to absorb the available supply and most sellers who are normally building inventory at this time of year struggle to maintain stock. The market for jumbo lump meat exceeds the five-year average by 19.3% and has increased 17.6% since 2007. Since January of 2008 prices have increased 13.3%.

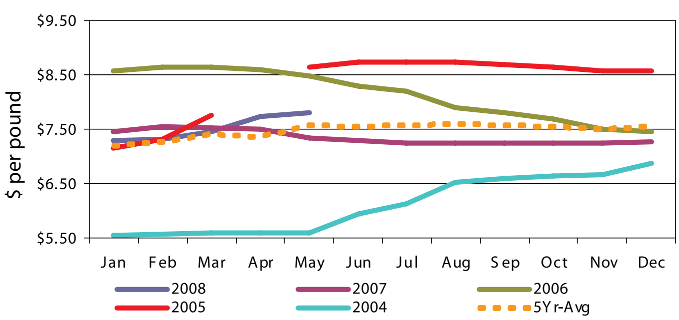
Chinese crab meat has gained popularity in the market place. It is readily available and the average market price of jumbo lump meat is 41.5% less than Indonesian meat. The species of crab from China is different than that of Indonesia and some differences in taste and texture exist.

Taste of Chilean sea bass drives market prices

Chilean sea bass, which is also known as the Patagonian toothfish, despite the misconception, is not an endangered species. The fishery is closely managed by the Commission for the Conservation of Antarctic Marine Living Resources, and requires that documentation go along with all imports to prove their legality. U.S. Customs and NOAA officials do not allow any Chilean sea bass into the country without this documentation. Buyers should insist that their supplier or broker show them the proper paperwork to ensure that the fish they purchase is officially approved.

Another option available on the marketplace is Marine Stewardship Council (MSC) certified Chilean sea bass. This certification brings the fish one step further and ensures that it meets all environmental standards for sustainable and well-managed fisheries. MSC certified Chilean sea bass comes from the Antartic region near the island of South Georgia and the South Sandwich Islands which are in the South Atlantic Ocean.

Sea Bass, H & G, Chilean, Skin-on, Frozen, 8-10 kg.



Source: Urner Barry

In 2005 and 2006 wholesale prices of Chilean sea bass soared to all-time high levels with the average price of frozen headed and gutted 8-10 kilo boxed fish being $8.33 and $8.14 per pound respectively. Following the two year record-high pricing, in 2007 the average price slipped to $7.34 per pound which is more in line with the five-year average of $7.46. 2008 has shown some strength thus far as the year-to-date average price has increased to $7.47.

"Importers are competing with European buyers to secure product from overseas."

Imports in the U.S. decreased in 2007 to 566,582 pounds from 800,270 pounds in 2006. The overall supply in the U.S. for 2008 has increased thus far by 6,614 pounds from 2007.

The recent increase in market prices has been reported as a result of rising replacement cost. Importers are competing with European buyers to secure product from overseas. Importers' inventory has varied and toted fish seems to dominant the supply over boxed fish.

A recent increase in demand has been reported which has also fostered the market price increase. UB

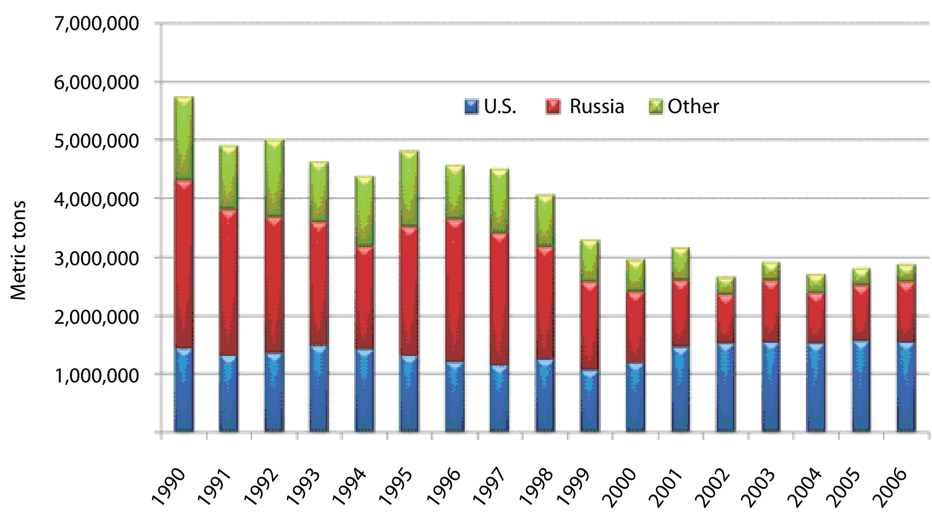
Alaskan Pollock experiencing significant price increases

Alaskan Pollock is a major groundfish resource and in the U.S. it is a well-managed fishery. A 30% cut in the U.S. quota for 2008 has increased prices significantly. A strong European demand for U.S. Alaskan Pollock combined with a strong Euro has placed U.S. buyers in a competitive disadvantage.

U.S. prices have increased dramatically and are expected to strengthen further in the second half of 2008. The market for Russian production; which is processed in and imported from China has also strengthened.

Alaskan Pollock products are expected to be strong through 2008. UB

Worldwide Alaska Pollock Production

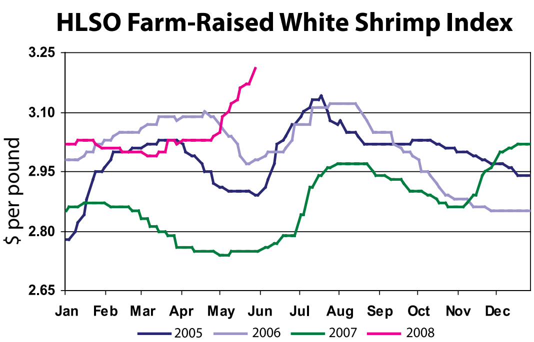


Source: FAO

Many factors pressing on shrimp complex

Shrimp is the highest per capita seafood item consumed in the United States. Most product is imported, especially from Asian sources such as Thailand, as United States domestically caught shrimp represents less than 10% of the overall U.S. shrimp supply. The balance of imported shrimp come from Latin America, mainly Ecuador and Mexico.

The shrimp complex is generally made up of imported farm-raised white *(P. vanamei)* and black tiger shrimp *(P. monodon)* headless, shell-on (HLSO) shrimp and value-added shrimp. Also included are wild-caught shrimp together with U.S. Gulf of Mexico caught shrimp and Mexican Pacific coast shrimp.



Source: Urner Barry

Generally, the seasonal start of shrimp production (this varies throughout the world) begins in May and continues through much of the year. Imports are at their lowest early in the season and steadily increase until peaking in October and November as inventories are built for holiday demand.

The farm-raised white shrimp market began the first several weeks of 2008 steady to slightly higher. Late-January and February saw some general softening, but more recently has turned stronger. Trading over the last several years has remained in a very narrow range with ups and downs in the market limited to 10 or 15 cents; however, in the second quarter of 2008 we are beginning to see significant upward pressure on the market.

Although total shrimp imports through the first quarter of 2008 are only off 2% from 2007 levels, Thailand imports are down almost 12%. Last year Thailand supplied 1/3 of the shrimp imported into the United States, and so far numerous reports indicate that Thailand production will be down this year. Shrimp imports from Indonesia and Malaysia, however, are up sharply to date this year mitigating any immediate shortfall of supply.

Southeast Asian white production will likely be centered on 26-30 count shrimp. 41-50 count and smaller shrimp are expected to be in tight supply. In the past, imported Chinese shrimp made up a large portion of the smaller white shrimp imports. In 2008, imports from China will be down because of various import restrictions.

Cooked shrimp imports are down almost 24% compared to a year ago. Inventories for immediate delivery are limited for a fairly active retail buying interest. Thailand is the main source of cooked shrimp, and with production expected to be down and current supplies already low, cooked shrimp will likely continue in fairly tight supply.

"Shrimp imports from Indonesia and Malaysia, however, are up sharply to date this year mitigating any immediate shortfall of supply."

Latin American production centers on 41-50 count shrimp. Production throughout the region will ramp up beginning in May. European demand is currently very active and expected to continue to put competitive pressure on offerings to the United States, possibly pushing prices higher in order to secure product.

Mexican farm-raised and wild shrimp will be seasonal beginning in August. Size ranges are generally heaviest in 26-30 count and larger shrimp. The U.S. domestic shrimp season will also be in high gear by August. It is unclear at this time how the high fuel prices will affect the fishing effort, but the pressure for higher priced shrimp will be apparent.

HLSO black tiger shrimp have been generally weak. Many buyers have made the switch to more amply supplied white shrimp, eliminating some of the market for black tigers. Also Vietnam, beginning in December 2007, has dramatically increased its imports into the U.S. compared to a year ago. Imports from Vietnam during that period are up 51% or almost eight million pounds. This volume more than made up for the drop in imports during the last three months from India and Bangladesh.

A weakening U.S. economy may have also adversely affected shrimp consumption especially in the food service sector. Large black tiger shrimp may be especially vulnerable in this sector. Large cooked and raw peeled black tiger shrimp market prices have also been barely steady to somewhat weaker in the first quarter.

There are a lot of factors pressing on the shrimp complex. The U.S. dollar continues to trade against many foreign currencies at new lows, making imports more expensive and increasing the competitiveness of those bidding for product against us. The U.S. economy has weakened. Food prices and fuel prices have seen record, or near record increases, forcing consumers, it has been reported, to change their buying habits and cut back on dining out.

Finally, seasonal production and imports will ramp up from all areas beginning in May. Demand during this period, and for holiday delivery, should also improve. With all these factors noted, the market is rated somewhat steady for the second quarter but unsettled thereafter. UB

Catfish: competition within one market

Chinese Catfish *(Ictalurus)*, **BASA, TRA, SWAI from Vietnam and China** *(Pangasius)* **and domestic Catfish too**

Catfish farming has been a major success story in the United States and has grown tremendously since the early 1980s. The species typically farmed in the U.S. is commonly known as channel catfish, *Ictalurus* spp. Recent imports of Chinese catfish (also referred to as "channel catfish") and imports of tra, basa, and swai (*Pangasius* spp.) from China, as well as those from Vietnam, have placed additional competition on domestic catfish producers.

Both species *Ictalurus* and *Pangasius* are part of the catfish family yet they must be labeled differently. Only *Ictalurus* can be sold as "catfish" in the U.S.—a measure adopted by the domestic catfish industry and approved by the U.S. government in order to distinguish between the two. Chinese catfish currently faces automatic detention from the FDA at the port of entry and must be inspected for banned antibiotics. *Pangasius* from Vietnam, on the other hand, faces a direct tariff. Despite lobbying efforts from the domestic catfish industry; food safety scandals, high tariffs, and an automatic FDA detention at port of entry, among other indirect trade barriers, the Chinese catfish and *Pangasius* (basa, tra, swai) markets have grown tremendously over the past three years. The domestic catfish industry, however, covers the largest portion of the total catfish market; all three markets, domestic catfish, Chinese catfish, and *Pangasius* compete directly and indirectly in the U.S.

> **"...all three markets ... compete directly and indirectly in the U.S."**

DOMESTIC CATFISH *(Ictalurus)*

In the U.S., the government considers catfish farms to be agriculture, or part of the farming industry rather than the fishing industry. Average price of fresh and frozen fillets decreased gradually and continuously in the second half of 2007 even though production levels were lower than those in 2006. Conversely, production levels in 2008 are 8% higher when compared to those obtained in 2007, and prices have been gradually increasing since the beginning of the year; yet, pricing levels during the first four months of 2008 are lower when compared to those in 2007. Domestic farmers have faced high feed and transportation costs, low selling levels, and tough competition from cheaper imported products. Nonetheless, there is a limit as to how much of those increasing costs can be passed along the supply chain. Some farms have decided to cut back in production in order to bring price up again and thus regain profit margins.

CHINESE CATFISH *(Ictalurus)*

Imports of Chinese catfish were entering the U.S. heavily until the last quarter of 2006. That year finished off with an astonishing 236% increase when compared to 2005 levels. That being said, in January 2007, imports of frozen fillets reached their highest figure on record. Then, food safety scandals made it to the mainstream media and product tested showed residues of banned antibiotics; the FDA raised the red flag and ordered that all Chinese catfish, including basa from China entering the U.S. be tested for banned antibiotics. Imports plunged for the next couple of months and so did pricing.

PANGASIUS *(Basa, tra, swai)*

Similar to the Chinese catfish market, the amount of imports of frozen fillets of *Pangasius* has grown dramatically in the past few years. In 2006, imports recorded an increase of 160% when compared to the previous year, even though a tariff was in place for product coming from Vietnam. Imports of *Pangasius* outweigh those of *Ictalurus* with Vietnam as the largest supplier covering more than 50% of the market share. Pricing has remained relatively steady and growth of imports for 2007 only reached 9.9%.

The situation is still blurry as to what could happen in the near future. Domestic catfish farmers, on one hand, have succeeded in their fight to pass inspection to the USDA under the Federal Meat Inspection Act of the farm bill. Many observers believe the inspection program under the USDA will only apply to channel catfish (ictalurus) and not *Pangasius* (basa, tra, swai). As quoted on Seafoodnews.com, John Sackton mentions that "imported catfish will not be able to get USDA label, since it will take years, if ever, for the USDA and China to negotiate an equivalency agreement that would allow China to export catfish that could be labeled as USDA inspected." Even if this passes, domestic producers will still have to compete against *Pangasius* (basa, tra, swai) from Vietnam and China, among other producing countries. So, if Chinese goods, let alone food products, re-gain buyer's confidence, Chinese catfish and *Pangasius* will likely continue their growth in the U.S. market and be able to provide consumers with an affordable and safe protein. UB

The lobster market retreats

LIVE AMERICAN OR MAINE LOBSTER (Homarus americanus)

Contrary to last year at this time, the supply of Maine live lobster has been fully adequate and landings continue to be reported as good to excellent in quality. Sellers, who typically rely heavily on production from Canada at this time of year, have been able to depend on a steady supply from Maine.

"...this is a wild fishery and high fuel costs will also affect production costs."

Production from Canada has also been fully adequate to ample which has given importers more negotiating power than last year.

As a result of the fully adequate supply, pricing so far this year has not come close to the record-high levels that were seen last year at this time.

Sellers and importers are expecting that the supply should continue to meet or exceed their needs for the season and should keep prices from spiking to the record-high levels that were reported last year.

LOBSTER TAILS

Lobster tails are broken up into essentially three types: American or Maine lobster (*Homarus americanus*) a lot of which is produced in Canada; warm water lobster tails (*Panulirus argus*) which are produced primarily in Brazil and various Caribbean countries especially Bahamas, Honduras, and Nicaragua; and cold water lobster tails which are produced mostly in West Australia (*Panulirus cygnus*). South Africa also produces cold water tails and other varieties of lobster tails are produced around the world.

2007 saw record U.S. market prices for tails from all over the world. Anecdotally catches, in many instances, were down and demand was generally active especially among buyers from Europe and Asia. These countries competed effectively for product against the weak U.S. dollar forcing prices here higher in order to secure tails.

Seasonally, the Australian cold water tail production begins in November with U.S. imports building in January. For the first quarter of 2008 imports were up from a year ago. Inventory of some sizes was carried over into 2008 as buying interest slowed due to the record high prices and slowing U.S. economy. Thus far in 2008, carried inventories and new season production have met a quiet demand. The U.S. market has been generally weak and continues unsettled.

Imports of warm water tails have recently been stable. New season warm water tail production begins in Brazil on June 1st followed by Caribbean production beginning in July and August. Here again there is some carried-over inventory which is currently being discounted to stimulate demand. The market is unsettled.

The Canadian season for American Lobster is underway. Initial landings are reported good but production of tails is off to a slow start in favor of in-shell and live production. Prices for initial offerings of tails are down from their 2007 highs. Buying interest at the lower levels is reported improved. However, the market is unsettled. Lobster meat has also settled lower.

Lobster tails have been barely steady to weak and unsettled given that some seasons are just underway. Market prices appear to be retreating from their 2007 highs due to the slowing U.S. economy and higher food and fuel costs which are placing demands on consumer's discretionary income especially in the food service sector. In fact, it is suspected that tails in some instances have been removed from menus. However, this is a wild fishery and high fuel costs will also affect production costs. In addition, buying interest from Asia and Europe's stronger currencies will continue to compete with U.S. requirements. UB

Caribbean Spiny Lobster, Panulirus argus, tail. Coloration is yellow or reddish brown to green or bluish. Note four large spots on tail and also back at the end of the tail fan.

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From the recipe box...

Grilled Pork Spareribs

Ribs are an easy, yet time consuming meal. There are many different ways to prepare them for the grill, leading one to conclude that there is no one "right" way. However, if you don't have four to six hours...perhaps ribs are not for you. Cooking time can be reduced by first boiling the ribs for an hour or so before transferring to the grill, but there are many who believe this greatly reduces flavor.

To start, select a nice 2-4 pound sparerib portion or loin back rib of choice. The amount will depend on the number of people. Be sure to choose one that is not too fatty, but with some fat to keep the ribs from drying out while grilling. It is advisable to prepare the ribs by removing excess fat as well as the membrane 2-12 hours prior to placement on the grill to allow the seasonings to soak in. By preparing the night before you are also freeing up your time to tend to the grill and enjoy the total grilling experience.

TO PREPARE RIBS:

Mix all the dry ingredients together and set aside.

Remove excess fat and membrane from the rib portion.

Rinse under cold water, and pat dry.

Generously coat ribs with dry rub seasoning and refrigerate 2 to 12 hours.

WHEN READY TO GRILL:

Heat and maintain grill at 250°.

Place seasoned ribs on grill rack curl side up to hold some moisture.

After approximately three hours, flip ribs to cook on other side for an additional three hours.

About 30 minutes prior to removing from grill, raise grill temp to 300° and baste the ribs with BBQ sauce of choice, careful not to burn the sauce.

Remove from grill. Cut ribs apart, serve and enjoy!

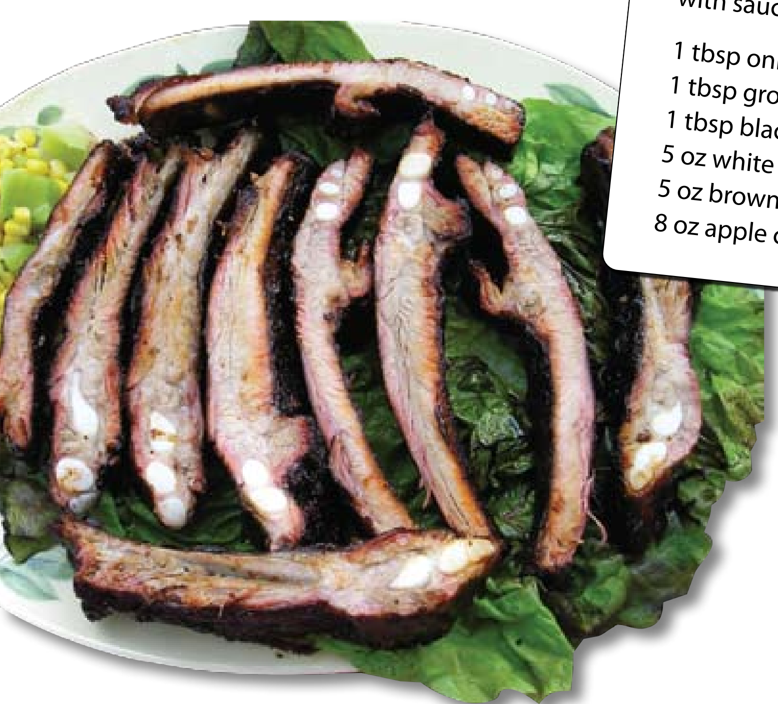
DRY RUB SEASONING (mix together)

4 oz paprika
½ tsp black pepper (ground)
1 tsp onion powder
2 tsp garlic powder
1-2 oz of white sugar
Reserve 2 oz of rub mixture to add to BBQ Sauce (see recipe card)

BBQ Sauce

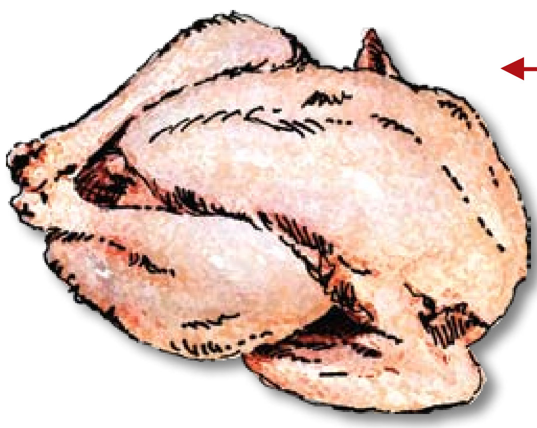
Over high heat, mix sauce ingredients in a medium saucepan and bring to a boil. Stir occasionally to prevent burning or sticking. Lower flame and simmer for at least 30 minutes. Don't forget to stir! 30 minutes prior to removing ribs from grill, baste liberally with sauce.

1 tbsp onion powder
1 tbsp ground mustard
1 tbsp black pepper ground
5 oz white sugar
5 oz brown sugar
8 oz apple cider vinegar
2 oz worchestire sauce
2 oz lemon juice
1-2 oz corn syrup
32 oz ketchup
16 oz water
2 oz of the dry seasoning

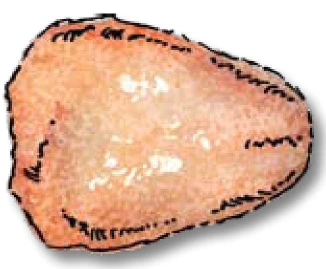


The Reporter's Guide to…Turkey

Turkey is marketed in numerous forms in both raw and cooked versions. Although the traditional whole body turkey maintains an iconic presence during Thanksgiving and to a lesser degree Christmas, increasingly, turkey is being sold in value-added, convenience-laden forms. Turkey is marketed whole, as parts, bone-in breasts and boneless meats or trims. It can be in the form of a roast, deli-style, marinated, smoked, fried and almost any other imaginable method. Turkey size is largely dependent upon gender and application with RTC hens typically running 8-22 pounds and toms 22 pounds and up.



Whole Body Turkeys Young whole turkeys are packaged primarily for retail or HRI distribution and weigh between 8 and 40 pounds. Traditionally the 8-24 pound classes are considered consumer sizes while the larger toms to 40 pounds are institutionally oriented. They may be marketed in either fresh or frozen form, generally with a giblet pack (gizzard, heart, liver, neck). Typically, they are basted but may be non-basted (natural) as well. Depending on buyer requirements, whole body turkeys are packed in either a private or processor label, with our without a timer.

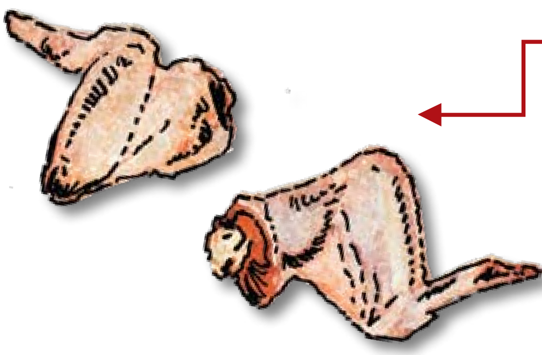


Bone-in Turkey Breast The whole bone-in breast is removed from the carcass at the junction of the vertebral ribs and the backbone. Hen breasts weighing between 4 and 8 pounds are typically consumer packed with basting, a net, first portion of wing meat and some neck skin. Institutional packaged breasts usually weigh between 8 and 20 pounds but are available in heavier classes. Basting, some neck skin, and the first portion of wing meat are usually included. Although each processor may have a slightly different cut, the back is typically partially removed. Consumer sized breasts are sold to the consumer based on price and convenience and attract considerable Easter and Mother's Day business through retail features. Institutional sized breasts are buffet line oriented and move best through HRI channels.

Boneless Turkey Breast Meat Turkey breast meat is the basis for the bulk of deli-style turkey breast meat products. Boneless breast meat is generally presented in several forms. It can be boneless and skinless without rib meat, boneless skin-on without rib meat, or boneless skin-on with rib meat. Depending on the application, the meat is then spiced, packaged and then cooked to its final form. Unlike lesser quality cuts of white meat, turkey breast meat is usually used whole in lobe form as opposed to being emulsified or mixed. Lobe sizes vary from 2.25 pounds to 3 pounds and more depending on the requirements of the further processor. Meat may come from young toms, young hens or breeder toms and hens.

Young Turkey Thigh The thigh is separated from the drum by a cut at the knee and is all dark meat. In turkeys, it is usually marketed as boneless, skinless meat but may also include the bone and skin. Thigh meat is a popular further processing item, but for the domestic market is usually associated with ground turkey. Thigh meat is ground, occasionally mixed with drum meat, and sold as a leaner alternative to traditional ground beef. Boneless, skinless thigh meat is also a very popular export item with Mexico, Russia and Asia leading importers of frozen product. The basis for turkey hams is most often thigh meat.

Young Turkey Drumsticks This part is the lower portion of the leg, which gets separated from the thigh, and is all dark meat. Tendons are not removed and skin is usually on. Tom and hen drums are purchased according to the application and are used extensively in ground turkey. Smoked turkey drumsticks are a popular foodservice item at many resort destinations. Hen drumsticks are a popular tray pack item as the smaller size benefits this application. Boneless drum meat, or "punched" drums as they are known in the industry, is often substituted for boneless, skinless thigh meat.



Young Turkey Whole Wing Wings are all white meat. When marketed whole they contain all three joints cut from the carcass at the shoulder joint. The whole wing is used largely in tray pack applications for retail distribution but is also sold in bulk, smoked or deboned as wing meat for further processing. Sometimes a wing is marketed as a two-joint wing which is the portion that includes either the drummette and flat middle or the flat middle and tip. UB

Freegans:
making recycling a lifestyle choice

Diving into dumpsters for food, squatting in abandoned buildings for shelter, unemployed—we are not referring to the homeless population that is forced to live by these means, but rather a growing contingent of citizens who are voluntarily choosing this lifestyle.

Freegans, by definition are people who employ alternative strategies for living based on limited participation in the conventional economy and minimum consumption of resources. Freegans shy away from the society they view as being based on materialism, moral apathy, competition, conformity and greed, and instead focus on community, social concern, generosity, freedom, cooperation and sharing. This is not an entirely new message or novel idea, the difference lies in who is saying it. Most freegans are not drop-outs, drug addicts or criminals, but rather college educated. In many instances they are gainfully employed.

Freegans choose to live the way they do out of social concern and personal beliefs. They don't have to live this way. They view almost all areas of the world's economic system as somewhat detrimental to both animals and the environment, and especially to human beings. The term

"freegan" itself is coined from a compound of the word of free and vegan—a person who avoids products from animal sources or products tested on animals. Freegans claim they can easily subsist on the excess our society and economy inherently produces.

Waste minimization is another area of concern for freegans who will choose to repair broken items rather than replace them, and are constantly recycling in an effort to reduce the massive amounts of waste our society produces. Some other freegan ideal might seem a little more familiar; Eco friendly transportation and "going green." These buzz words are new hot topics in our society, however, the ideals are nothing new to freegans as they are the building blocks of the freegan theory. While dumpster diving and squatting are definitely not going to appeal to all areas of society; certain freegan ideals do seem to be talking hold.

> **"Most freegans are not drop outs, drug addicts or criminals, but rather college educated."**

Getting foods from dumpsters, using abandoned or unoccupied buildings as housing, getting what they need out of what others throw away. These fringe members of society are determined to get by without taking more then they need from the system.

Major economic power...

JAPAN: Land of the rising sun

Port of Yokohama, Japan ▲

Japan is a country of islands along the Eastern coast of Asia. In total land area, Japan is slightly smaller than California. Only 15% of its land is arable. Its agricultural economy is highly subsidized and protected. Japan normally produces a surplus of rice, but large quantities of wheat, corn and soybeans are imported from the United States. Japan is the largest market for U.S. agricultural exports.

"Japan's self sufficiency rate for food dropped from 73% in 1965 to 40% in 2005."

Japan's industrialized, free market economy is the second largest in the world. It is highly efficient and competitive in areas linked to international trade although productivity is lower in areas such as agriculture, distribution and services. The fields in which Japan enjoys high technological development include semiconductor manufacturing, optical fibers, optical media and fermentation processes in food and biochemistry.

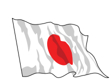
Japan's fisheries have played an important role in providing animal protein and helping the Japanese population acquire a healthy diet. The Japanese fishing industry is currently undergoing major changes due to a deterioration of marine resources in their waters and the decrease in and aging of the work force. Add to this the strengthening of international fishing regulations and the appreciation of the Yen, and we see how Japan's imports of fishery products are increasing. At present about two-thirds of the seafood consumed by the Japanese people is produced by the Japanese fishing industry.

Japan remains the largest export customer for U.S. pork. The U.S., Denmark and Canada are the primary suppliers to Japan for this commodity. A number of factors have contributed to increasing trade in pork worldwide. The weak U.S. dollar, which is expected to continue, is making U.S. pork products an attractive buy. Disease-related closures—avian influenza for poultry and bovine spongiform encephalopathy (BSE) for beef, in important Asian markets will provide pork's continued export strength.

Japan closed its doors to imports of U.S. beef in 2003 when the United States discovered its first case of BSE. Exports to Japan from U.S. beef plants resumed on July 27, 2006. As a condition for the return to trade, the government of Japan adopted numerous measures to govern the importation of U.S. beef, limiting the supply in the market. Currently Japanese import regulations permit U.S. bone-in and boneless beef from age/source-verified cattle 20 months of age and under. Excluding variety meat, Japan is the No. 3 market, with exports increasing 23% in the first quarter of 2008. According to Japanese import statistics, beef imports from Australia fell 16% in the first quarter, but still accounted for 80% of total Japanese beef imports.

Japan's self sufficiency rate for food dropped from 73% in 1965 to 40% in 2005. A major factor behind the decline is that under the constraint of land, production can no longer satisfy the people's needs given the changes which have occurred in the Japanese people's eating habits. Japan's present food self sufficiency rate is the lowest among major industrialized countries, and Japan is thus the world's largest food importing country. UB

Japan / U.S. comparison

AREA	377,835 sq km	9,631,418 sq km
COASTLINE	29,751 km	19,924 km
POPULATION	127,288,419	295,734,134
LIFE EXPECTANCY	82.07 years	77.71 years
GDP	$4.417 trillion	$11.75 trillion
GDP (per capita)	$33,800	$40,100
AGRICULTURE AS A %GDP	1.5%	0.9%
AGRICULTURAL PRODUCTS	rice, pork, poultry, fish, vegetables, cotton	grains, fruits, vegetables, beef, pork, dairy
LABOR FORCE	66.07 million	147.4 million
UNEMPLOYMENT RATE	4%	5.5%
POPULATION LIVING BELOW POVERTY LINE	N/A	12%
OIL PRODUCTION / CONSUMPTION	.125 / 5.35 (million bbl/day)	7.8 / 19.65 (million bbl/day)

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