

Character and caring create a recipe for success...

Eastern Poultry and Food Distributors

In 1954, when John C. Rueger began brokering whole chickens to customers in Baltimore, Washington and Philadelphia, he probably didn't even have time to imagine that one day he'd be selling beef, pork, seafood, turkey and even rabbit! From humble beginnings in Philadelphia more than 50 years ago, Eastern Poultry Distributors, Inc. has grown immensely, branching out to distribute nearly every type of protein, employing a sales staff nine times the size of the one it started with and—most recently—launching its own brand of processed chicken. However, what's most impressive is that Eastern has done it all while maintaining the core values John instilled in the business in



Eastern's relationship with its customers goes beyond providing a wide variety of meat. With an average tenure of over 15 years, the Eastern team also provides them with valuable market insight and distribution expertise.

1954—passion, close relationships and resolute customer service.

Since its founding, Eastern has grown steadily. In 1960, only six years after

brokering his first chicken, John partnered with Webster Poultry of Pittsboro, NC, to build a cut-up facility. This alliance

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John Van Amerongen

"The Billikin", Trident's first catcher-processor, was an instant success.

Success at sea...

Quality and sustainability are hallmarks of Trident Seafoods

By Stephanie E. Ponder
Reprinted with permission from
The Costco Connection magazine.

If there's one food that is consistently on consumers' minds for both its health benefits and environmental aspects, it's fish. The American Heart Association recommends at least two servings a week

to do everything from increasing brain function to reducing the risk of heart disease. At the same time, it's impossible to avoid the headlines about overfishing and matters of sustainability.

One company, Trident Seafoods, keeps working not only to bring customers the

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Egg servings at QSRs for the morning meal have continued to increase steadily.



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THE NEWSMAGAZINE FOR THE
FOOD INDUSTRY PROFESSIONAL

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An Urner Barry Publication
Published Quarterly
Printed in the U.S.A. Copyright © 2011

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Tel. 732-240-5330 • Fax 732-341-0891
182 Queens Boulevard, Bayville, NJ 08721
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URNER BARRY'S REPORTER • VOL. 6, NO. 3 • SUMMER 2011

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Poultry and Food Distributors

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create a recipe for success:
Eastern Poultry and Food
Distributors**

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sustainability are
hallmarks of Trident
Seafoods**

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I want to suck your blood...sausage

"As when a man besides a great fire has filled a sausage with fat and blood and turns it this way and is very eager to get it quickly roasted."

Those words were written by Homer, Ancient Greek poet, and they appeared in one of his greatest epics, "The Odyssey." This ancient description of a blood sausage just goes to show how far back this delicacy began. To know who created the first blood sausage you might very well have to know who the first to slaughter a pig was.

Blood sausage is a natural outcome of efficient butchery. Sausage-makers put to good use meat and animal parts that are edible and usually nutritious, but not particularly appealing, such as organ meats, blood, and fat. It is largely consumed in Europe as in America there's a certain stigma and assumption that comes with foods having things like blood as a main ingredient. It is however quite popular throughout the rest of the world. In



England and Ireland it is part of the traditional breakfast and is called Black Pudding. In Germany it is blutwurst, Russia it's krovianka, France—boudin Noir, Portugal – Chouico de Sangre, and in Mexico it can be known asrellena, moronga or morcilla. In most Asian countries it is eaten in the form of a cake rather than in a sausage casing.

It is made by cooking fresh pork blood with pork fat, offal meats such as heads and tongues, and often grains such as

oatmeal and barley. The ability to use blood as the flavor and simple grains as texture and form may be one of the biggest causes of its popularity; as the ability to exclude meats can keep costs down.

Though the idea of blood sausage is all it takes to scare most people away, those who do give it a try are pleasantly surprised by the result. Thorough cooking of the blood loses the metallic flavor many may have experienced sucking on a cut finger or biting their tongue, instead it tastes much the same as the meat from which it came, just without the texture.

Fresh blood sausage is difficult to come by in the United States, and even more difficult to make yourself because of regulations against buying fresh animal blood, it is a hugely popular item throughout the world, and an easy baby step for those looking to experience new and unique foods. **UB**

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Boston Seafood Show: A 'suppliers show' as buyers scramble to secure their fish

The seafood industry is not immune to surging commodity prices. In a world where beef and chicken are hitting near record prices, it is not surprising that seafood supplies are tight as well.

The main message at the Boston Seafood Show in March, from a very upbeat show floor, was that supplies are short and prices are high.

The son of the owner of one major distributor said he had come to the show with one instruction from his father: 'secure our salmon supplies for the year.'

An Alaskan producer said his problem was that he just did not have enough halibut, black cod, crab, and other items to supply his customers—and the problem was in working out these supply details.

Another supplier, less charitably, said his experience this year at the show was 'like taking candy from a baby.'

So, the message here is that short supplies and high prices of many seafood products are not going away.

This is one of the reasons why the impact of the triple disaster in Japan has not rippled through commodity markets—demand for seafood has built up such a head of steam that it will take more than some temporary disruptions to derail it.

In a different environment, worries over Japan could have had a very different impact.

ALASKA PARTY SUBDUED

The Alaskan event—"Go Wild"—was much more subdued than in previous years due to the tragedy in Japan. Many Alaskan companies have lost employees or friends.



Richard E. Gutting Jr, James Kenny, Jimmie Cook, Paul B. Brown, Jr., at the National Fisheries Institute (NFI) Chowder Party where Urner Barry was one of the sponsors.

Alaska Seafood Marketing Institute (ASMI) head Ray Riutta quieted the crowd, closed

the bar and the food, and called for a full minute of silence in remembrance of those who had died in Japan.

Also the attendance and lavishness of the event was scaled back.

ASMI received the Global Trust certification for Alaskan salmon, and the Lieutenant Governor of Alaska, Mead Treadwell, was on hand to receive the honor also. **UB**

Adapted from an article by John Sackton which originally appeared on SeafoodNews.com on March 22, 2011

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Americans urged to “upgrade”

Contributed by the National Turkey Federation

The National Turkey Federation (NTF) announced a national mobilization to help First Lady Michelle Obama fight childhood obesity by arming parents with the facts and tools to make simple changes—or “upgrades”—in favorite meals and physical activity levels.

This year, NTF and Shape Up America!, the healthy weight campaign spearheaded by former U.S. Surgeon General C. Everett

Koop, commissioned a new survey in March that finds many parents are not equipped to assess their children’s weight status, and they lack the information to improve the meals children eat outside the home.

SURVEY FINDINGS

Conducted in March 2011 by ORC International, NTF’s new survey examines the attitudes and actions of 500 mothers with children between the ages of 6 years and 16 years and calculates the Body

Mass Index (BMI) of their youngest child. This online survey provides an important wakeup call for the nation: although 34% of the children assessed in this study meet the criteria for overweight or obesity, more than three-quarters (76%) of their mothers don’t recognize this fact and are not taking simple steps to improve their children’s weight status.

The survey also uncovers a number of barriers that make it more difficult for moms to reduce the fat and calories in family meals. When asked “what is the biggest obstacle you face when serving your family more nutritious foods,” 39% of the moms surveyed cite having children who are picky eaters and only like certain foods, while one in four say serving more nutritious meals “takes a lot more time to prepare” (26%) or requires ingredients that are “often more expensive” (25%).

Moreover, the survey finds that only 23% of the moms say they look for calorie information on restaurant menus while another 21% say they are not able to find this information in the restaurants they frequent. The poll uncovers an under-recognized opportunity for parents to improve the nutritional quality of the lunches their children eat at school as almost half of the moms (44%) regularly pack their child’s school lunch.

EXTENSIONS TO THE MEAL UPGRADE CALCULATOR

In response to these alarming findings, NTF stepped up its efforts to show parents how to improve their children’s weight status by adding new extensions to the Meal Upgrade Calculator. Besides showing consumers how to “upgrade” favorite breakfast, lunch and dinner menus, this interactive Website now gives parents the means to assess the weight status of their children and reduce the calories and fat consumed in meals served at school and in restaurants.

“The calculator is a way to show consumers what we in the nutrition community have always known—that turkey is a positive and simple step consumers can take to ‘upgrade’ the family diet,” said Hilary

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family meals and activities

Thesmar, Ph.D., RD, NTF senior director of scientific and regulatory affairs. "Not only is turkey rich in nutrients, but it comes in a variety of cuts and products that can be incorporated into any meal. Think about all the foods most loved by children—hot dogs, hamburgers and pizza. All can be 'upgraded' with turkey to deliver fewer calories and fat without sacrificing taste."

Along with new tools to improve children's meals, the calculator features information to help parents recognize overweight in their children and a new Family Activity Calculator that allows parents to select a favorite family activity—from taking a walk to playing tag or jumping rope—and then calculates the number of minutes it will take to burn an extra 100 calories.

Shape Up America! estimates that by taking advantage of these meal and activity "upgrades," families can save

an average of 100 calories a day through improvements to family meals and another 100 calories through increased physical activity—200 fewer calories a day. These savings are significant and show that small changes in meal preparation and increased physical activity can pay off in meaningful health improvements.

"When it comes to healthier eating and moving more, small changes add up to both weight control and measurable health improvements," said Barbara J. Moore, Ph.D., Shape Up America! president and CEO. "That is the purpose of these new features to our Meal Upgrade Calculator—to show consumers and especially busy moms how to make simple 'upgrades' in children's meals and

activities that will keep them at a healthy weight and instill healthy habits that will last a lifetime."

The extensions to the Meal Upgrade Calculator are available at MealUpgrade.com. **LB**



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The hot diet of the day is not so new: the Paleolithic diet



Many people trying to live a healthier lifestyle today are turning away from the most widely eaten foods of modern day man and looking to the past for diet advice. Nicknamed the Cave-man diet, or Paleo

diet, Paleolithic dieters choose to eat only that which was presumably consumed by humans during the hunter-gatherer portion of history; therefore, no processed foods.

Based on the premise that modern humans are genetically adapted to the diet of their Paleolithic ancestors, and that human genetics have scarcely changed since the dawn of agriculture, the Paleo Diet includes in its eating regimen foods that can be hunted, caught, or picked as well as hormone-free grass fed meat, fish, or fruits and vegetables readily available before farming. Sticking to this diet means that one should eat the way hunter-gathers did, consuming protein from red meat, poultry, fish and eggs, and no pasta, rice, bread, cereals, dairy products, refined sugars or alcohol.

“...the Paleo Diet includes in its eating regimen foods that can be hunted, caught, or picked...”

First popularized in the mid 1970s by a gastroenterologist named Walter L. Voegtlin, the Paleo Diet was further explored in 1987 by an Emory University professor, Boyd Eaton, who published the concept in the *New England Journal of Medicine*. It then gained steam from Colorado State professor Loren Cordain's 2002 book, “The Paleo Diet,” and more recently has experienced resurgence in

popularity. No one can say exactly why the diet's popularity has spiked again, but Internet searches of the phrase “Paleo Diet” have increased tenfold since 2007 and doubled in 2010, according to Google.

Proponents of this diet argue that modern human populations subsisting on traditional diets, allegedly similar to those of Paleolithic hunter-gatherers, are largely free of diseases of affluence, and that two small prospective studies of the Paleolithic diet in humans have shown some positive health outcomes. In fact, a Toronto gym owner who has been following a primal lifestyle for two years says the diet simply excludes the three most problematic and allergenic foods to everybody—grains, dairy and legumes.

“The foods that we've eaten the longest, from our hunter-gatherer days, are the ones we're best adapted to consuming,” says Mr. Oks, a former vegetarian, and owner of a Toronto fitness center.

Critics, on the other hand, have noted that although the human body can certainly survive on this diet, wide adoption would lead to food shortages as most western countries rely on grains heavily.

So next time you are at the grocery store hunt down the red meat in the butcher department and gather your vegetables from the produce department, you might find that you like going old school. **UB**

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An incredible 4.4 billion egg

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American Egg Board

Within the area of foodservice, the American Egg Board (AEB) focuses on quick-service restaurants (QSRs) that are national chains and strives to increase both the number of egg-focused items on their menus and the number of chains serving breakfast. AEB provides menu development assistance, test market support, research, information, promotional assistance and other resources as requested.



The great news is egg servings, which include breakfast sandwiches and breakfast burritos/wraps, at QSRs for the morning meal have continued to increase steadily since 2001, according to published reports.

In fact, AEB worked with Subway on its breakfast program for a number of years that resulted in its national breakfast program launch last April at 24,000 locations. AEB also partnered with Subway on two test promotions and hopes to execute a national

promotion this year. These test promotions focused on AEB's Good Egg Project, which is an effort to educate consumers on the farm-to-table process as well as modern egg production.

OVERALL GROWTH OF EGG SERVINGS

Since 2001, there have been 1.5 billion additional egg servings—a total of 4.4 billion egg servings—sold in QSRs, according to The NPD Group's year-end data from November 2010. Highlights of this data on consumer purchasing behavior at restaurants include:

- While total restaurant traffic at all dayparts fell by one percent, check average and dollars spent rose by 1.9 percent and 0.7 percent, respectively. Total restaurant traffic returned to slight growth after eight previous quarters of decline.

- The picture is much brighter when looking at morning meal total restaurant traffic. For this time period, morning meal traffic rose one percent as compared to 2009, and this was the only daypart to grow last year. The morning meal also represents a 21 percent share of total restaurant traffic.

- The picture looks brighter still when focusing specifically on QSRs. Across all meal segments, traffic was down one percent, but check average was up by two percent and dollars by one percent. On a quarterly basis, traffic began recovering in the last quarter of 2010, up by one percent as compared to the previous quarter. Morning meal visits also showed positive growth during the week and on weekends, with a one percent change as compared to the previous year.

BREAKFAST GROWTH AT QSRs

Recently, Datassential, who derives its research information from more than 5,000 North American restaurant menus, also provided highlights of a recent egg menu trend study. These menus are analyzed to determine egg menu trends,

with a particular emphasis on breakfast. Key points of the research include:

- There was a significant increase in the breakfast item penetration at QSRs from 37 percent in 2009 to 48 percent in 2010. This takes into account that breakfast has been added at a number of QSR locations, like the national



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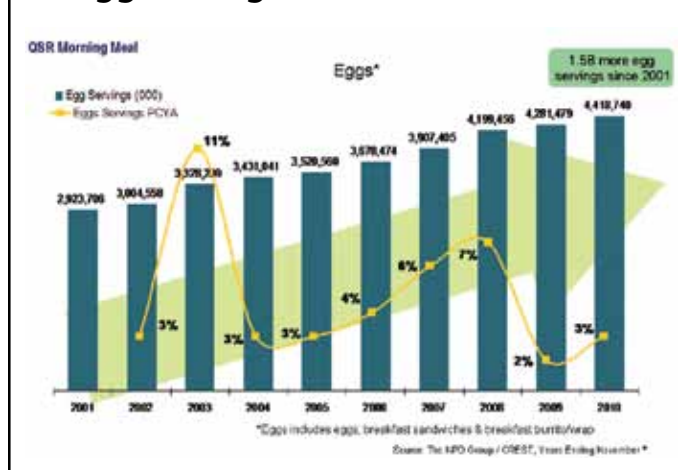
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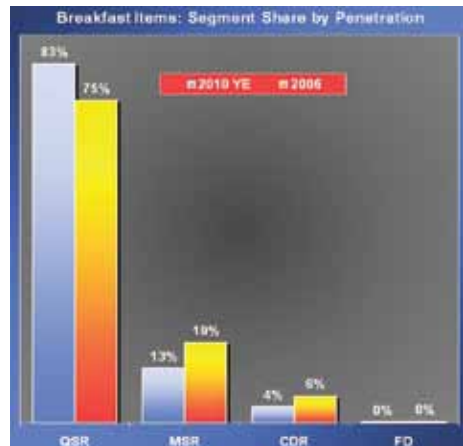
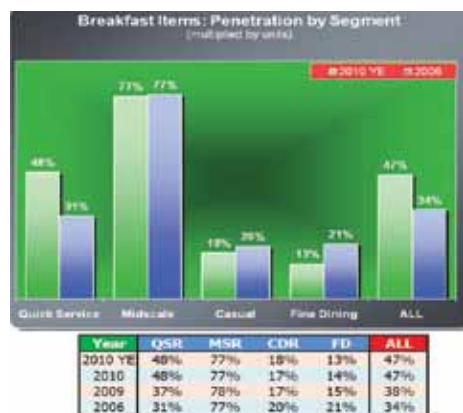
Egg servings continue to increase



servings of growth at QSRs

introduction of breakfast at Subway in April, 2010.

- In terms of breakfast share, QSRs maintain the largest share of breakfast, and this segment has increased its share considerably during the last four years from 75 percent in 2006 to 83 percent in 2010.



- When considering the percent of breakfast entrees featuring eggs as center-of-the-plate protein items or as an ingredient in QSRs, a continued level of growth has also been achieved. There has been a five percent growth in the incidence of eggs in breakfast entrees at QSRs. This figure grew from 61 percent in 2006 to 64 percent in 2010.

MEDIA & RELATED PROGRAMS

AEB also reaches this QSR segment with breakfast-themed advertising. The 2011 program utilizes a mix of print and online media to extend the reach and reinforce this message. The print program includes

“Since 2001, there have been 1.5 billion additional egg servings—a total of 4.4 billion egg servings—sold in QSRs”

a total of seven insertions in two leading national publications, *QSR Magazine* and *Nation's Restaurant News*.

For maximum cost efficiencies, the “Flatbread” and “Panini” ads developed last year have been updated with recent breakfast data for 2011 use. Featuring the headline, “Don’t Just Make Breakfast . . . Make It Incredible,” the ads highlight the growth in breakfast traffic at QSRs, an excellent opportunity for eggs. It is also stressed in the ads that AEB has the insights, ideas and information to make a successful breakfast program with eggs.

In conjunction with the print campaign, an online advertising program is running with *QSR* and *Nation's Restaurant News* and includes 33 online appearances in banner ads, e-newsletters, recipe ideas, a breakfast microsite and more. All these efforts continue to emphasize the importance of eggs on breakfast programs at QSRs.

In total, the media program includes more than 640,000 targeted impressions. Program evaluation for the print and online components will include research and tracking to determine program success.

Banner ads on several Websites promote AEB's QSR-targeted newsletter *Breakfast Beat*, which was also posted on AEB.org. The foodservice section of AEB.org was also updated, and a social media presence was created via Twitter, LinkedIn and blog posts—all of which created an interactive forum and community.

AEB's Eggscellent Chef Ambassadors program features well-known chefs as spokespeople for AEB in publicity, recipe development, culinary school programs and other events as needed. **U**



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GAA challenges China to lead charge in

By Jeanne McKnight,
Global Aquaculture Alliance

China's aquaculture industry must take steps now to ensure that aquaculture production develops in a responsible, sustainable way, Wally Stevens, Global Aquaculture Alliance executive director, urged in his remarks to a group of Chinese producers at the China Aquaculture Development Annual Conference 2011, in WuHan, China, May 17-18.

As keynote speaker for the event, Stevens said he plans to challenge China's aquaculture industry to move quickly, but responsibly, to expand production to meet the growing demand for seafood, particularly from the world's growing middle class.

Stevens said China's leading aquaculture trade association, the Aquatic Production Chamber of Commerce (APCC), must

step into a leadership role in advocating responsible, sustainable development of aquaculture. "I want to talk about leadership and the important role that organizations can play in improving the lives of people and our shared planet," he said. "I hope my remarks will serve as a call to action to create a model for sustainability in aquaculture that can be replicated in countries where it is desperately needed."

APCC was a partner and co-host for GAA's GOAL 2008 conference in Qingdao, China. Stevens said he considers the May meeting in WuHan not only a chance to renew GAA's relationship with APCC, but also an opportunity to address the officials of a country that is central to



GOAL keynote Albert Zeufack of the World Bank confirmed that aquaculture is the world's fastest-growing food production system.

the huge changes in seafood consumption that have already begun.

AMAZING GROWTH

The vice chairman of the seafood branch of the All China Federation of Industry


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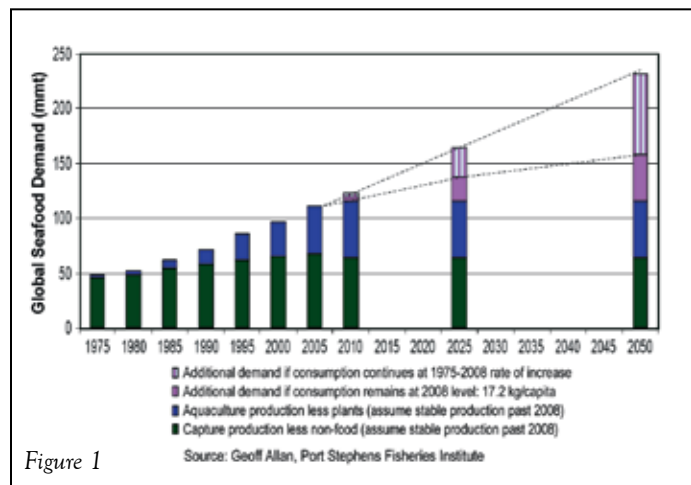
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sustainable aquaculture development



and Commerce, Zhu Chaingliang, recently observed that restaurants' seafood purchases will likely grow from their current level of 40 percent of variable cost to 60 percent by the end of 2015. Stevens said this projected growth would present significant opportunities.

He planned to cite the keynote presentation made by Dr. Albert Zeufack of the World Bank during GAA's GOAL 2010 conference in Kuala Lumpur, Malaysia, in which Zeufack confirmed that aquaculture is the world's fastest-growing food production system, growing eight percent annually. Today's aquaculture output can't keep pace with tomorrow's soaring trends in seafood demand (Figure 1), Stevens emphasized.

MARKET SHIFTS

In addition, major market changes are taking place. In developing countries, aquaculture products have often been primarily exports and out of reach of most of the people who grow and process them.

Those days are ending, Stevens observed. As presented at a recent GAA session at the International Boston Seafood Show, the balance of seafood consumption is shifting from the United States and European Union toward China and India, as the latter countries see their populations rise from poverty to join the ranks of the middle class.

CHINA AS WORLD MODEL

As China moves closer to becoming the

world's largest economy, it is also expected to shift its status as the world's largest seafood exporter to become a major seafood importer and consumer of its own production, Stevens said. This projected change will focus the world's spotlight on China.

For this reason, he said, APCC must step into a leadership role and help China become a world leader in sustainable aquaculture. Stevens also called upon APCC to work with GAA to develop a model for sustainable development that could be emulated by other countries such as Africa, where aquaculture is still in the development stage.

Given a suitable production model, countries like Africa could potentially step into the gap in supplying seafood to Europe as Asian seafood supplies are increasingly distributed within local markets, Stevens noted.

Near term, for example, GAA supporter and world-renowned food scientist and professor Dr. Steve Otwell has said he would like to expand the "train the trainer" HACCP workshops the Chinese government invited him to present beyond food safety to include sustainability

measures such as those prescribed in the Best Aquaculture Practices standards.

"It is within China's grasp to position itself as the world's leader in the sustainable and responsible development of aquaculture," Stevens said. "APCC has been in operation for 16 years—now let's look ahead to the next 16 years."

GOAL 2011

Recognizing the significance of the huge pending changes in aquaculture and seafood, the Global Aquaculture Alliance has set the theme of its November 6-9 GOAL 2011 conference in Santiago, Chile, as "Double in a Decade—Responsibly." Its speakers and participants will examine trends in global aquaculture supply and demand, and consider how farms can produce more. Expansion into new areas, financing and sustainability will also be discussed. For information on GOAL 2011, visit www.gaalliance.org/GOAL2011/. **US**



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Well-anticipated annual affair...

Urner Barry's Night at the Races

The 30th installment of an evening at Meadowlands Racetrack was celebrated on Friday February 25, 2011. Sponsored by Urner Barry Publications, this popular food industry event has become a well-anticipated annual affair for guests involved in the red meat and poultry industries. This year's venue returned to the Meadowlands Racetrack in East Rutherford, NJ at the beautiful trackside Pegasus restaurant.

From humble beginnings, circa 1980, an organization known as the West Washington Market Men's Club began hosting a yearly social event at the racetrack. In the year 2000, when the Club disbanded, Urner Barry Publications stepped in, and from that time on graciously carried on the tradition.

Comprised of industry players, primarily from the east coast but from as far away as



In the Winner's Circle are (L-R) Jockey-Andy Miller, Billy Savage, Fred Cline, Ginger Trader, Bill Healey, Larry Aiello, Patti and Jeff Vivalo and Henry Montana.

the southern and Midwestern reaches of the nation, the popularity of this event continues to bring together more and more people each year.

Many industry professionals broke bread with new and old business acquaintances amidst an exhilarating and social atmosphere. A wonderful evening was had by all who attended. Complete with a buffet and harness racing, business colleagues placed bets while they dined and mingled in the beautiful Pegasus restaurant overlooking the racetrack.

During race four of the evening, business associates and co-workers turned their attention to the track for the race dedication ceremony to Savage Poultry, which has been an integral part of the industry for numerous years. **UB**



Seen enjoying the action were Stephanie Moore of Sanderson Farms and G & C's Rob Englehart.

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Birds of a feather! (L to R) Brett Linder, Bird-in Hand Farms; Eberly Poultry's Bob Eberly; Jim Schiltz, Schiltz Foods; Doug Corwin, Crescent Ducks; and Fred and Ted Bloom, Bird-in Hand, all enjoying the night.



The gang's all here! Lee Matthews of Harrison Poultry, along with Michael and David Nelson, Nebraskaland, and Bird-in-Hand's Brett Linder are all smiles.



A night on the town! Making the rounds with Urner Barry's Reporter are (L to R) Warren Dunn of Hain Pure Protein, Adam Sahn of Porky's, Robinson and Harrison's Jonas Meyer and friend Joyce.



Urner Barry's Night at the Races attendees make their way into the renowned Pegasus Restaurant overlooking the Meadowslands Racetrack and the New York skyline.



Sharp dressed men! Mountaire's Tim Morrow (L) and Bob Tomlinson are seen here with Steve Brody of Fancy Foods.



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Eggs: supply vs. demand



By Rick Brown

2010 was a tumultuous year in the egg industry. Egg type layers in the first quarter trended below 2009 levels. Heavy and repeated snow storms across the country stimulated demand throughout the period. Cartoned markets reacted positively with Midwest large averaging \$1.287, 14 percent higher than the previous year. Further processors were also busy through the first quarter, experiencing good finished product demand. Dried egg inventories were reduced significantly, down 28 percent on average. Further processors were forced to compete with the cartoned market for shell eggs, values of heavy breaking eggs averaged nearly \$0.58 per dozen increasing nearly 22 percent from 2009.

In the preceding weeks to the Easter holiday (Table 1), the large shell egg market in the Midwest peaked at \$1.42 per dozen

for nearly a two-week period. Retailers responded to this price spike by limiting promotions. These factors, along with the highest inventory totals of the year, put heavy pressure on the market. Prices reacted almost immediately, and in less than a one-month period, the large market tumbled over 46 percent to \$0.76. Seasonal adjustments to flock sizes through molt and slaughter eventually brought production and inventory back in balance with market demand. Prices began to stabilize and by mid May, they had climbed back to \$0.96 per dozen.

Markets dipped back down to \$0.73 through June before returning to \$0.93 in July. Prices remained consistent for over a month into the middle of August, a fairly good price for a normally lackluster season. However, on August 13, a salmonella recall on shell eggs shook the market affecting production from approximately eight million birds in the Midwest. Traders became fearful that there

would not be enough supply, and panic buying took place. By the end of August, this fearful buying reaction forced the market up to \$1.43 in just two short weeks. As the news of the recall spread through the media, consumer pushback began to really set in. The news of the situation was everywhere—TV, newspapers, magazines—condemning the producers and their products. Just two weeks later the market crashed 49 percent to just \$0.73.

Brown egg market values had begun to improve as compared to whites early in 2010 (Table 2). As a result of the recall, brown egg demand really spiked in August and continued through the end of the year and into 2011. Consumers may have felt more comfortable with browns, as they were not involved in the recall.

By the fourth quarter, consumer salmonella fears had abated and buying patterns began

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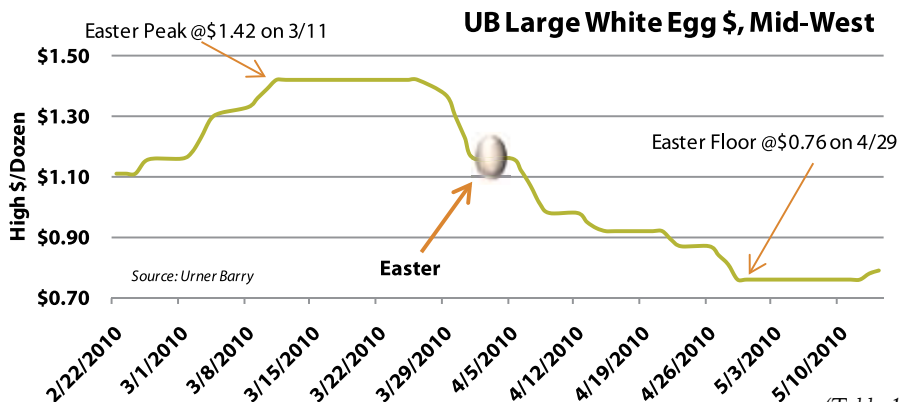
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to return to normal. Midwest large markets averaged \$1.287 during that time, up six percent from the same period in 2009.

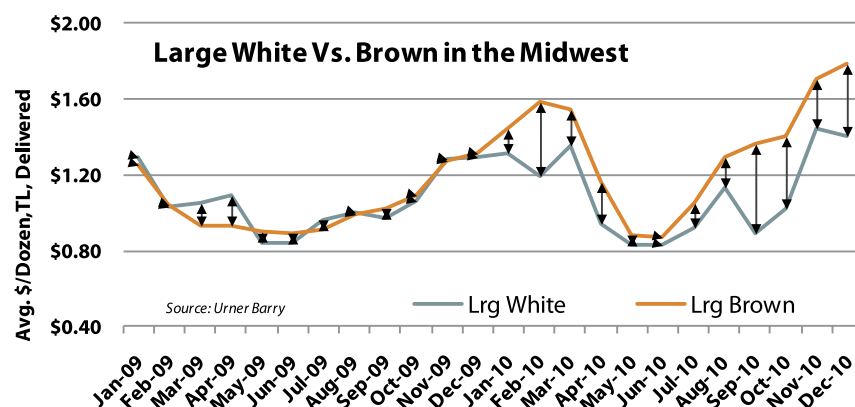
For the period ending April 2011, year-to-date Midwest large has averaged \$1.136, down approximately \$0.06 from the same period a year ago.

Over 68 million cases of eggs were broken last year, up about 4 percent from 2009; about 32 percent of all eggs produced. Following many years of growth, total break peaked in 2005 and has been relatively flat since then. Recent recessionary pressure has defiantly been a factor here. Breaking egg markets averaged 5 percent higher last year with dried egg products advancing 12 percent on average. Could this be a signal of improved finished product demand?

Corn prices have more than doubled adding an estimated \$0.14 to \$0.18 per dozen to feed costs. This will place pressure on producers across the country. Whether large cartoned prices will trend above 2010 values is yet to be seen. Supply vs. demand will dictate the outcome. **UB**



(Table 1)



(Table 2)

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Lobster: 2011 season just underway



By Paul Brown, Jr. and
MaryAnn Zicarelli

The warm water lobster tail and North American lobster tail markets have appreciated over 2009 levels. Supplies of cold water lobster tails continue to be limited.

COLD WATER LOBSTER TAILS

U.S. imports of cold water lobster tails from both West Australia and South Africa ended 2010 down sharply. In Australia, quotas have been reduced in order to manage the resource. As production of lobster has been curtailed it enabled more live lobster to be produced for the Asian market. However, at the beginning of the season China, Australia's largest market for live lobsters, banned imports. This action resulted in limited additional offerings of lobster tails into the U.S. market. Despite the Chinese ban which was lifted in late December 2010,

supplies of West Australian tails remained very limited and market prices have been in the high \$30 range. Urner Barry has not quoted West Australian lobster tails for the past several months due to the limited supply in the market.

The market for South African lobster tails was generally steady to slightly stronger for 2010 and into 2011.

Early imports in 2011 indicate a continuing very tight supply of cold water tails.

WARM WATER LOBSTER TAILS

U.S. Department of Commerce import figures indicate a significant increase in warm water tail imports led by Brazil. However, the Brazil figures are questionable as anecdotal reports do not indicate a sharply increased supply from that country. Discounting imports from Brazil, imports of warm water tails for 2010 are up about 9% compared to 2009.

After the low prices seen in 2009, the market for warm water tails in 2010 was mostly steady to slightly stronger for the entire season. Brazil closed at the end of 2010, and the Nicaraguan and Honduran fishing season closed at the end of February 2011. Brazil is expected to reopen in June 2011, followed by Nicaragua and Honduras on July 1.

NORTH AMERICAN LOBSTER TAILS AND MEAT

Imports of lobster tails (lobsters in-shell including tails and whole cooked) in 2010 moved sharply higher and with that came a spike in lobster meat imports. However, the market has remained full steady to firm indicating a good demand. For the first quarter of 2011 the season is essentially over as limited packing is done during the period. The season again ramped up on May 1 with the Canadian area opening followed by Maine which will be later in the summer. At the start of the season

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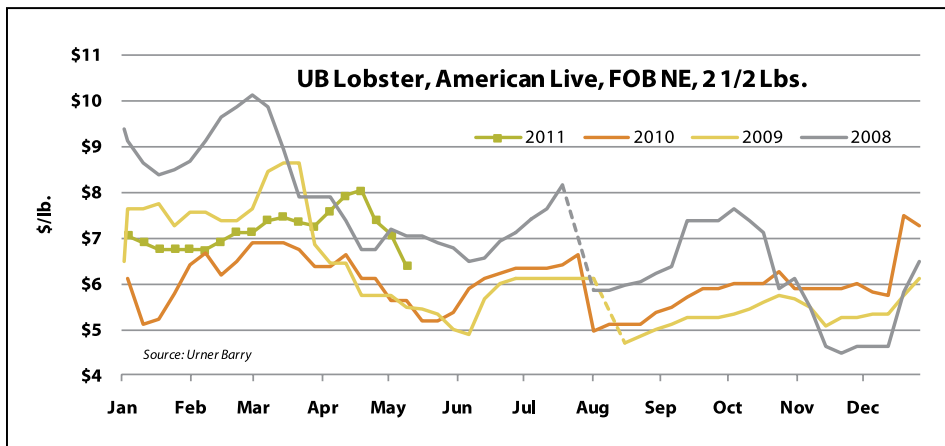
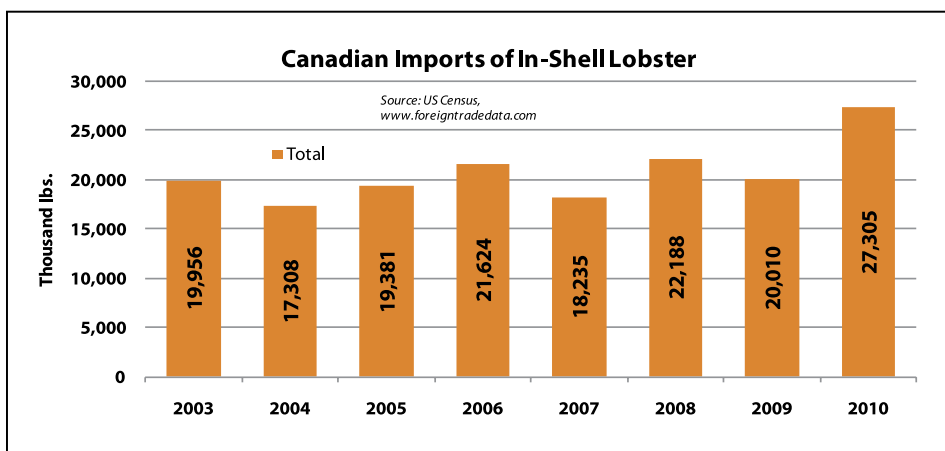
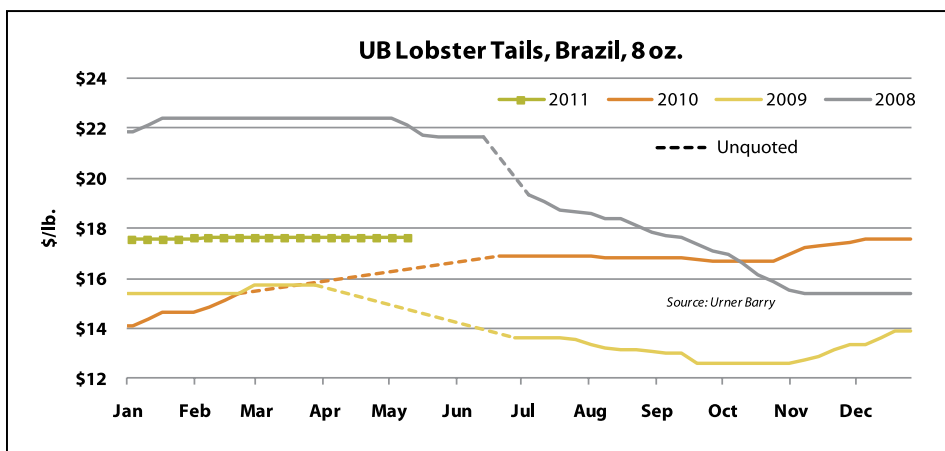
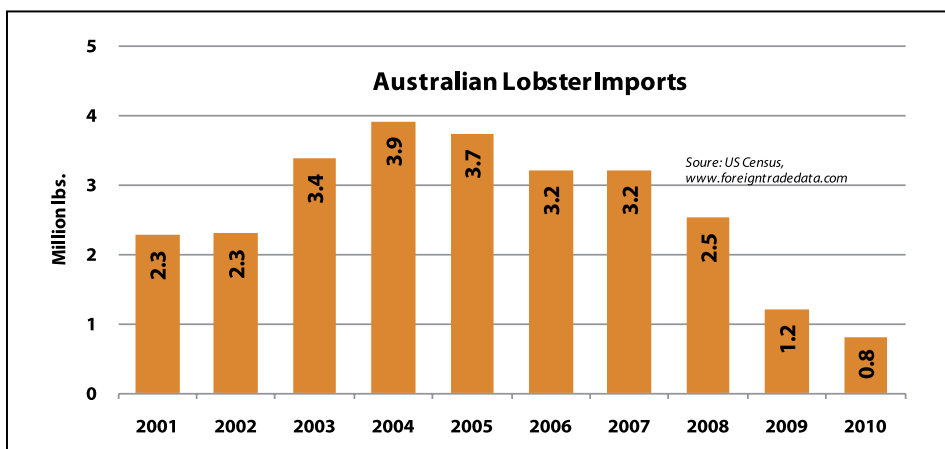
the supply was reported fully adequate to ample except for small tails and discounting has been noted from late 2010 price levels in order to clear inventories. Lobster meat has been somewhat steadier although some discounting is also noted.

AMERICAN LIVE LOBSTER OUTLOOK

Strong market prices were recorded for the first quarter of 2011. They exceeded the monthly average price of 2010 and 2009. Moderate to active demand surpassed many traders' expectations at the start of 2011; typically, a lull in demand is reported for this time period. Buying interest in Europe was strong and retail business was active. Foodservice and wholesale business was said to be fair, yet brisk interest from the other sectors contributed to the strong market prices.

During the winter season, lobster supply was readily available for chicks, quarters, and halves. Selects were limited and traded at a premium. As fishing began in the spring, the supply of selects became more available and price breaks were noted.

Historically, prices show a downward trend at the start of the new season in May. At the onset of the new season in 2011, prices remained about steady due to light landings. Colder waters and inclement weather conditions contributed to the decreased catch. As the landings improved and supply increased and began to make its way to the market, prices began to trend lower. Despite a short delay, new season pricing is clearly following the seasonal lows seen in past years. Although 2011 prices follow past trends, they were higher than the same time period in 2010 and 2009. **UB**



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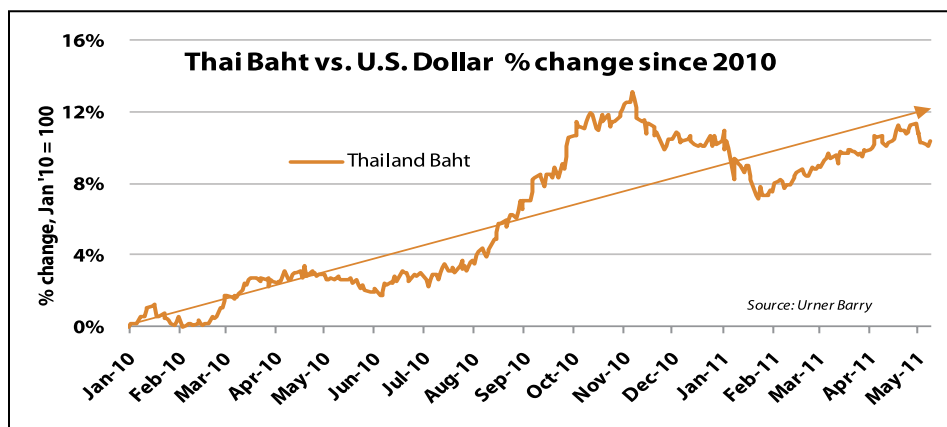
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Shrimp: 2011 a transitional year



By Paul Brown, Jr.

2010 saw prices in the shrimp complex volatile and move sharply higher over 2009 levels for a variety of reasons. Many input costs moved higher including fish meal, soy meal, and fuel. A weak U.S. dollar against many currencies, including the Thai baht, made shrimp more expensive to import. In addition, production problems due to weather conditions across Asia and shrimp disease in Indonesia tightened supplies in the first half of the year. White spot disease reared its head in Mexico severely affecting production. China and Vietnam also experienced production issues, but managed to increase their imports over 2009 levels. In mid-April the BP Horizon oil spill happened in the Gulf of Mexico. As the extent and seriousness of the spill became apparent, shrimp prices spiked. Buyers concerned about ongoing supplies, hoarded product. Seasonally depleted



inventories came under stress and prices rose sharply among all shrimp products in order to maintain balance.

Thus far in 2011 the shrimp complex is experiencing many of the same factors present in 2010. Severe flooding in southern Thailand in late March has affected early production out of that country. There are reports that Vietnam has also had to deal with inclement weather issues. Although it is very early in the season, some are predicting a slow and late start to seasonal production. Input costs (feed and fuel chief among them) are all higher for shrimp production; however, all the competing protein groups are experiencing the same higher costs. The U.S. dollar remains weak against most major currencies. Replacement offerings out of Asia have been strong and disconnected with the current spot market in the U.S., therefore limiting importers buying opportunities. Holdings here are reported generally light with holes developing in many sellers' inventories. Given relatively high shrimp prices; ample new season production will likely be targeted beginning in May in Latin America and continuing through the summer from Asia. Many of these factors are a firming influence on the market, and it will take time to replenish currently low U.S. inventories once new season production begins to arrive. So the volume and timing of available shrimp is unclear and of course demand at the higher prices remains uncertain.

Japan is a large importer of shrimp worldwide. The effects of the terrible earthquake and tsunami continue to be

evaluated. However, increasingly it appears that Japanese shrimp imports will at least maintain, if not increase, as the country looks to imports for their food supply.

First quarter shrimp imports, which were low in 2010, are back to 2009 levels. However it is important to recall that February through May shrimp imports are the lowest period for imports into the U.S. before they begin to seasonally rebound in June. Imports from most major countries are up for the first quarter of 2011 except from China and Mexico which are both down sharply. Year-to date shell-on imports are marginally higher, while peeled imports saw a large increase. Cooked and breaded imports were lower.

After an active March, many U.S. importers are experiencing a quiet demand for shrimp in early spring. This quiet demand is generally matched with limited imports and seasonally low inventories.

Continued on page 22

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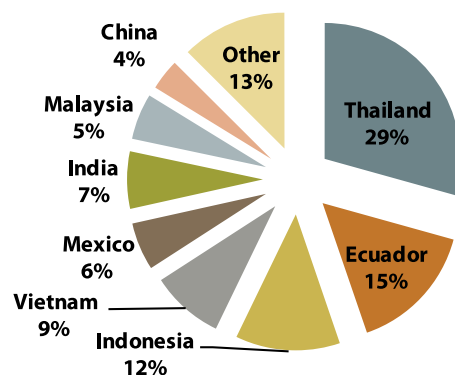
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Shrimp outlook continued...

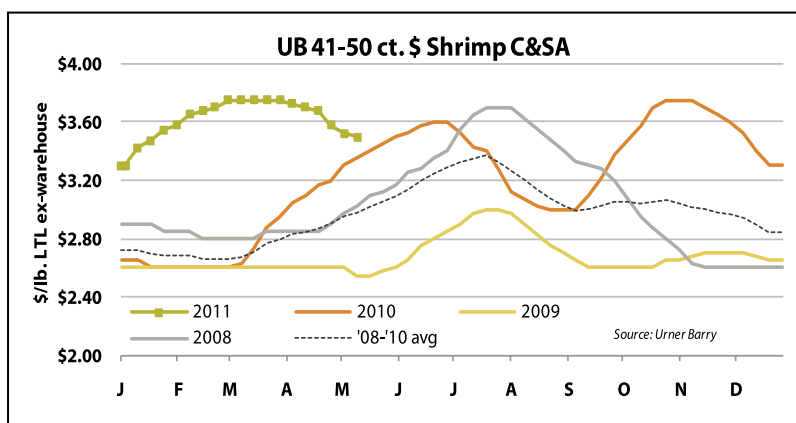
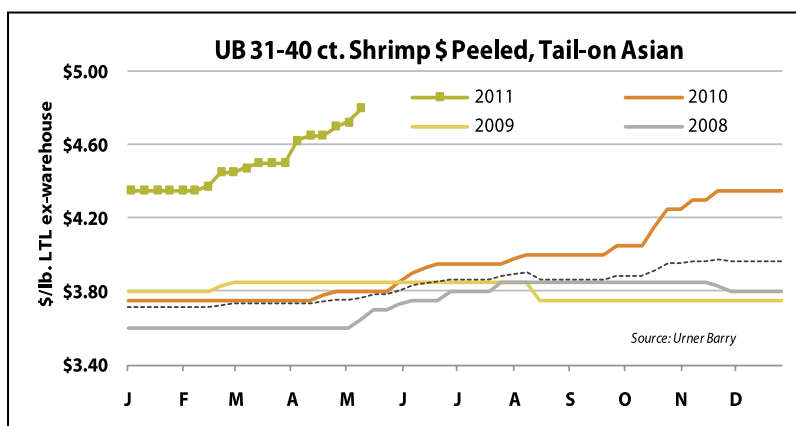
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26-30 count and smaller valued-added shrimp have been strong. Production of medium and small count shrimp from Asia has generally been short of full needs and shortages have developed particularly for small count shrimp.

Imports of 16-20 through 31-40 count HLSO shrimp are well ahead of a year ago. Despite limited production of Mexican shrimp; 21-25 count HLSO white shrimp have been particularly weak. Additional imports of this count size are noted from Indian, Indonesia, and Ecuador. Imports of 41-50 count and smaller HLSO shrimp are significantly below year ago levels, contributing to that market's general strength.

Black tiger shrimp both HLSO and value-added have generally carried a full steady to firm tone.

2011 promises to be a transitional year. Higher shrimp prices will likely mean greater seasonal production from all sources in the late spring and summer. An increasingly more affluent society throughout Asia and other countries will likely increase demand in those countries for shrimp. A rebounding U.S. economy should spur demand for shrimp but it remains to be seen how the recently higher prices in the U.S. will affect demand. **UB**



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Scallop, a new normal



By James P. Kenny

According to NMFS FishWatch, Atlantic sea scallop population levels are high and overfishing is not occurring. Scallops are managed using a combined approach of effort limitation and rotating harvest areas, which maximizes scallop yields while protecting beds of young scallops. Additionally, the U.S. sea scallop fishery is extremely important to the economy and is the largest wild scallop fishery in the world. In 2009, 58 million pounds of sea scallop meats worth \$382 million were harvested in the United States. The majority comes from Massachusetts and New Jersey.

Record, or near record, highs were noted throughout the complex in 2010, regardless of origin. For example, Dry U10s traded between \$10.85 and

\$12.80 in 2010, compared to the five-year average range of \$8.33 to \$10.75. Sharp reductions in quota, far fewer imports, and sustained demand from overseas buyers propelled market prices which have steadily climbed all year long.

Domestic sea scallop landings declined, by most accounts, roughly 19% in 2010 compared to 2009. Days at sea were reduced from 42 to 37 days, and closed area trips from five-to-four. These changes by management officials added-up to a roughly 11 million pound reduction in domestic landings.

“Sharp reductions in quota, far fewer imports, and sustained demand from overseas buyers propelled market prices...”

Looking at imports, major suppliers like Japan and Argentina shipped far fewer scallops to the U.S. than in previous years. In 2010, Japan reduced shipments by 44% or roughly six million pounds, and Argentina 66% less or close to 4.8 million fewer pounds of scallops.

Taking all of the aforementioned factors into consideration, net supplies were off nearly 25% (the scallop season runs March through February, so some estimates were used to calculate change).

The impact on market prices was not a complete surprise since landings are so tightly regulated and of known quantity, but the decline in imports exaggerated a weak supply situation.

Looking forward to the 2011 season, sea scallop landings are forecast a fairly steady 48 million pounds. However more recently, the National Oceanic and Atmospheric Administration proposed raising the catch limit for Atlantic sea scallop vessels from the current level of 48 million pounds to 51 million pounds, and to 55 million pounds in 2012. A final determination is expected soon.

Sea scallop prices continue to test record highs. The average cost of a dry U10 count scallop January through April 2011 was \$12.77, compared to \$11.63 in the first four months of 2010, and \$10.03 when compared to a five-year average of the same months. Additionally, recent events like the Tsunami in Japan are expected to put further pressure on the resource, and limit global supply. Forecasts are in place for another firm marketplace.

*Please be aware that the reduction in domestic landings is not indicative of any pressure on the population, but rather the result of a well-managed fishery. The New England Fishery Management Council manages Atlantic sea scallops in cooperation with the Mid-Atlantic Fishery Management Council under the Atlantic Sea Scallop Fisheries Management Plan (FMP), which was implemented in 1982 to restore and stabilize adult scallop stocks. **UB**

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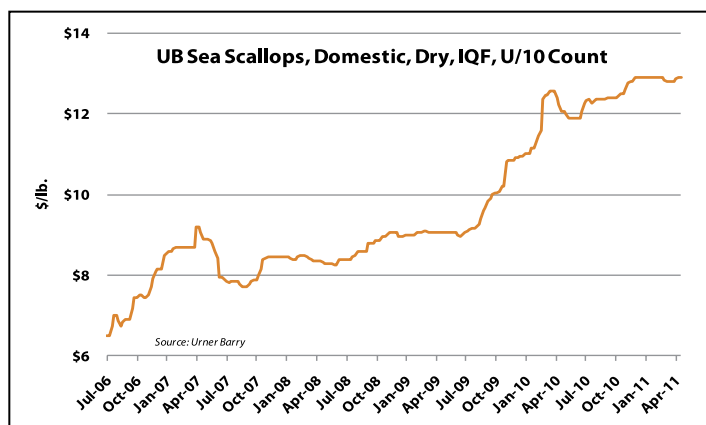
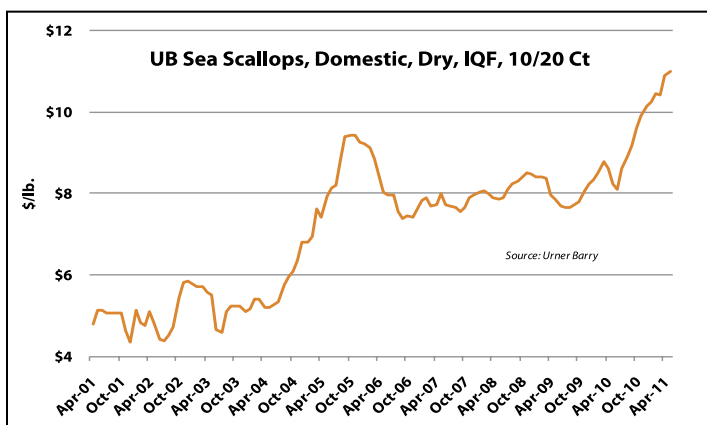
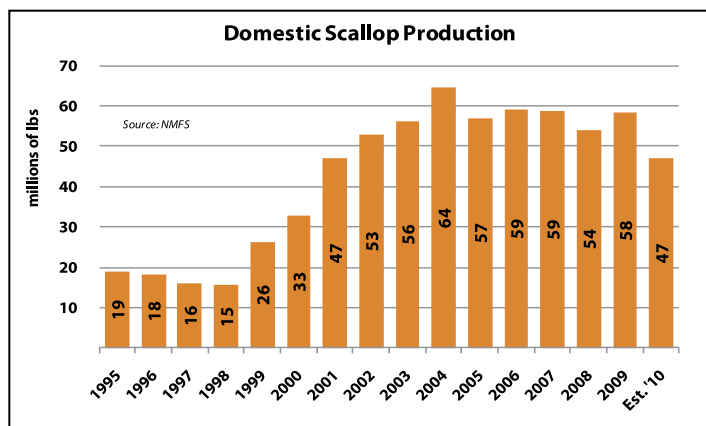
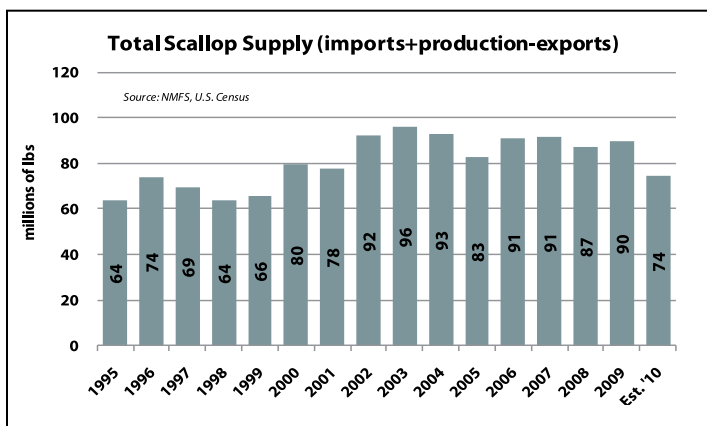
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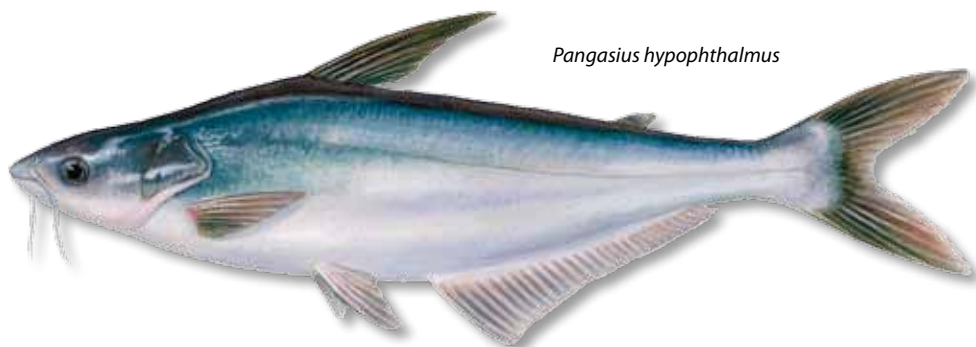
Domestic catfish prices skyrocket; Pangasius imports from Vietnam soar



By MaryAnn Zicarelli
and Angel Rubio

DOMESTIC CATFISH OUTLOOK:

A steady increase in the pond bank price was noted in the last quarter of 2010 before soaring in 2011. Processors reported that rising costs forced farms to take action to cut costs, such as feeding less fish, selling their establishments or closing down facilities. Fewer fed fish resulted in much less grow-out, and ultimately supply. Conversely, the demand for domestic catfish was fair at best and buyers were not interested in fish at higher prices. Once the shortage of fish became apparent, the increased pond bank prices were paid by processors and market prices did increase. Many processors reported that they are focusing their efforts on the fresh market.



Pangasius hypophthalmus

The high production cost of domestic frozen product equates to higher market price offerings. Imported frozen catfish market prices are lower which makes it hard to compete.

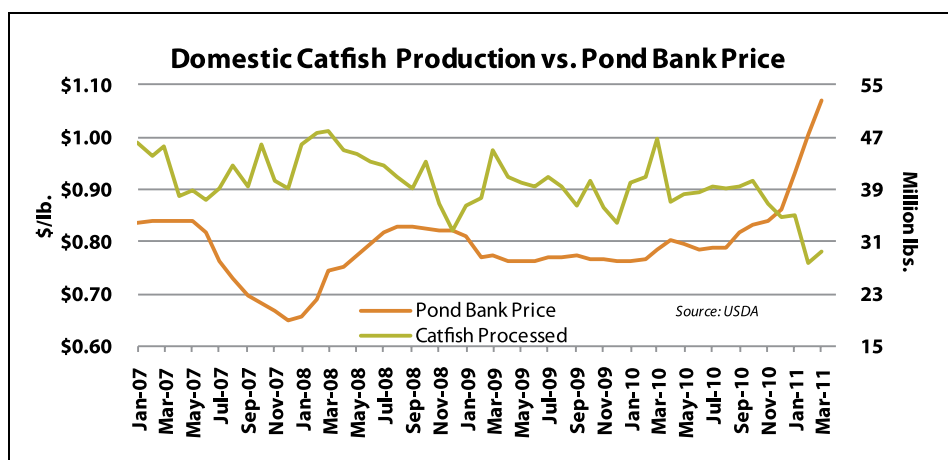
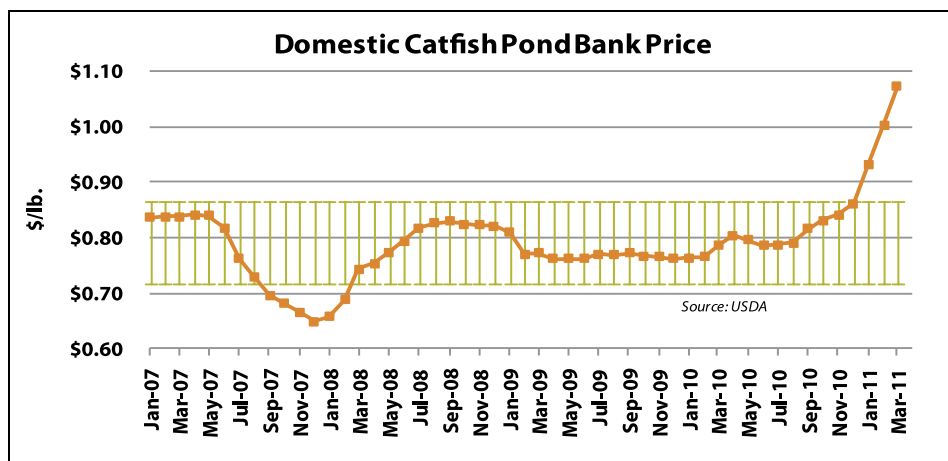
Some processors reported that the shortage of fish from domestic farms could last

throughout the year. Increased pond bank prices are reportedly equating to more fish on feed which will enhance supply.

IMPORTED CHANNEL CATFISH

Imports of Channel Catfish, which come particularly from China, declined nearly 40% to 10.6 million pounds in 2010, from 17.7 million pounds in 2009. This figure represents the lowest volume recorded since 2006 when imports of channel catfish from China surged dramatically. Much of the decrease was fueled by a lack of incentive from producers to continue reseeding the ponds for this species given reduced profit margins in the last few years. High costs of production in feed, transportation and raises in worker wages, a rise in raw material prices to packers, and ultimately FDA inspections to the importer further delaying the shipment to the importer, are some of the factors that affected the decline in imports of this species. This species was intended to end up in export markets, particularly the U.S.; however, according to many traders in the U.S., China has been slowly developing a domestic market that demands this species without any further processing (e.g. skinless, boneless fillets).

So, after reaching record imports in 2008, inventories were more than plentiful all the way to 2009 and prices fell. However, as imports continued to decline further due to tight inspections in the U.S., a growing domestic market in China and higher replacement costs, prices in the U.S. started to rise during 2010. Imports in August of 2010 accounted for only 38



thousand pounds—approximately one container—resulting in rising offering levels as inventories deplete. Hence, prices started to rise significantly. In December 2010, Urner Barry quotations were removed due to limited offerings as product holders commit their volume to previous contracted obligations. Opinions are mixed about the future with a currently unsettled market noted between \$3.50 and \$3.80 for frozen fillets.

PANGASIUUS

For the first time in its history, *Pangasius* made it to the top 10 list of most consumed seafood species in the U.S. as consumers continue to show a preference for the species. Imports have grown dramatically in the past few years as 2010 figures reached 124 million pounds; an increase of 14% when compared to the previous year, but 106% when compared to 2007. This species has been under tariff revisions for the past couple of years but despite this issue, imports continue to grow tremendously.

As imports of *Pangasius* continue to increase, prices have felt gradual downward pressure. Prices in 2008 started to decrease and continued falling all the way until mid 2010. However, importers started to raise prices due to uncertainty about the ongoing tariff dispute—that peaked in September—as well as the USDA inspection proposal. Furthermore, farmers have raised prices to packers and packers to importers et al, as news about high costs of feed led to a rise in production costs; financing problems in Vietnam also impacted prices. As a result, the U.S. market faced rising prices during the last quarter of 2010.

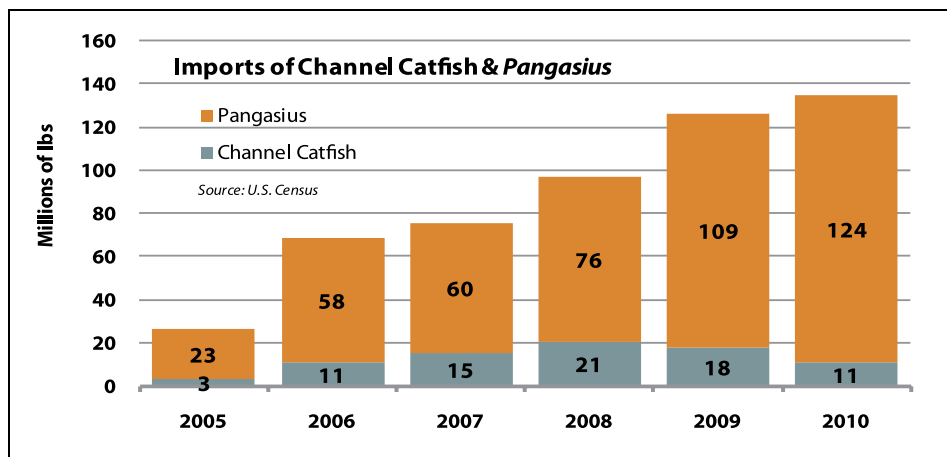
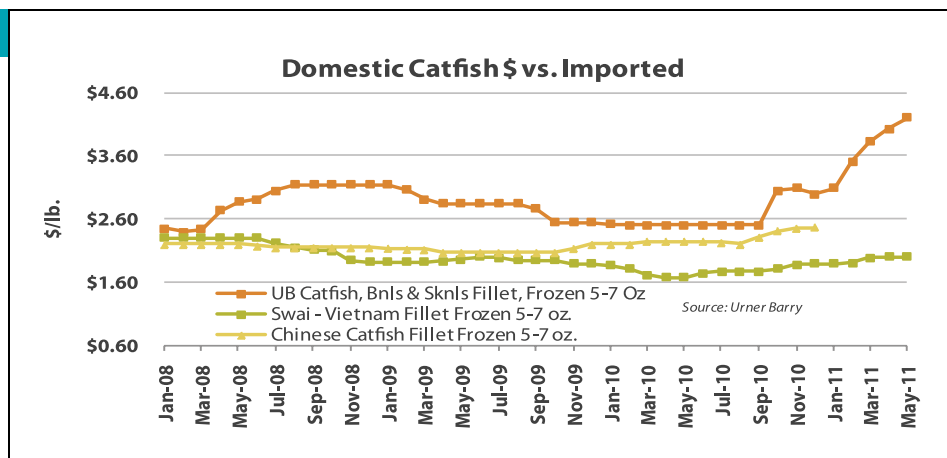
In February, the debate over the USDA inspection for catfish moved from the backrooms of the White House to an open public forum. The FSIS finally released a proposed rule (inspections in phases, equivalency) with questions such as: Whether or not basa, swai, *Pangasius*, etc. should be inspected in the U.S. market (as it cannot be labeled as “catfish”); should pre-harvest activities on farms be regulated? And when should requirements be enforced? Nevertheless, no time frame was proposed. Senator Thad Cochran (R-Miss), a sponsor of the 2008 Farm Bill,

urged consumers to ask imported catfish to be inspected.

Not long after, Senators John McCain (R-AZ) and Tom Coburn (R-OK) introduced a bill to repeal the transfer of catfish inspection to the USDA. Senator McCain commented that according to estimates, the USDA would spend approximately \$30 million of tax payers’ money implementing such an inspection program.

As for the tariff issue, on March 22nd, final antidumping duties were finally published for *Pangasius* from Vietnam for the sixth administrative review. The seventh administrative review, which covers duties for shipments entering the U.S. from August 2009 to February 2010, was further delayed and will be published on August 31st, 2011. For specific rates on the companies reviewed, and more trade alerts in the seafood industry please visit www.foreigntradedata.com

Meanwhile, imports of *Pangasius* continue to grow as the above graph depicts, while imports of Channel Catfish appear to follow an opposite trend. **UB**



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Tilapia imports reach record high despite rising costs



By Angel Rubio

Tilapia consumption in the U.S. expanded slightly further in 2010 to 1.208 pounds per capita. Imports of frozen fillets, especially from China, continue to grow at a dramatic pace with 2010 reaching record highs. Imports of frozen wholefish continue to decrease from

their peak in 2006, while fresh fillet supply remained relatively flat.

In terms of pricing, frozen fillets from China only trended higher, while fresh fillets remained flat for much of 2010. Although different factors affected the two markets in distinct ways, there is one particular common denominator affecting most food commodity markets, and tilapia is not the exception; feed and transportation. Let's take a look at each market individually in order to have a better understanding.

FRESH FILLETS


Urner Barry quotations were taken and averaged among fillet size to show a more indicative price trend of the overall complex. Prices spiked in 2008 but then gradually retreated all throughout 2009. In 2010, a relatively mild shortage during Lent caused prices to rise. However, prices then receded following the holiday and remained steady until December. In 2011, prices

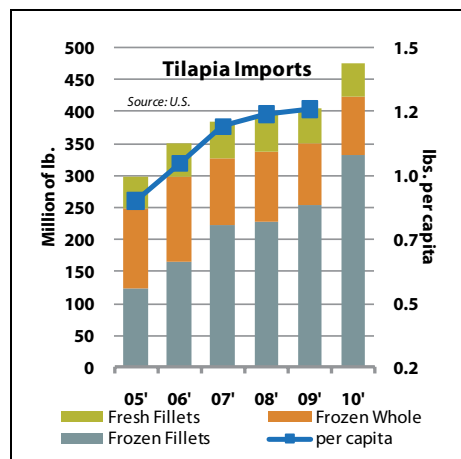
have risen as a result of higher feed and transportation costs, as well as in addition to a stronger consumer demand. Feed costs for aquacultured species are particularly high due to increased soy meal, and fishmeal prices. According to many producers, soy meal alone accounts for nearly 60% of the total cost of raw materials. Furthermore, the rising price of oil impacts air freight fees charged to importers, greatly impacting transportation contracts.

The market moved up in 2011, but not without buyer's resistance as importers have reported reduced profit margins. There is only so much the U.S. market can absorb in higher costs that can be passed along the distribution chain. As of now, to the luck of U.S. importers, demand is rated moderate, and the undertone of the market is generally steady.

FROZEN FILLETS

Total frozen fillet imports ended 2010 31% above those registered in 2009, registering a yearly record figure. Also, imports in December 2010 reached a monthly record high totaling 43 million pounds—33% over the previous monthly record high registered in October of 2010. China—easily the largest supplier with a 90% market share—was able to send 34% more fillets to the U.S. in 2010 when compared to 2009. Many importers rushed to place purchase orders during December 2010 and January 2011 as expectations of future product availability was poor.

In 2008, prices reached a record high due to many factors, such as the supply shock caused by fish mortality during a harsh winter in China. Thereafter, prices fell gradually until a spike during the 2010 Lenten season; they then retreated right before the summer months. Higher production costs in China, including labor, feed and transportation (just to name a few), raised prices to packers. Those higher costs for raw materials were passed along the distribution chain and moved gradually up into the U.S. spot market. As of now, inventories are plentiful but expectations are firm as inventories in China are short and harvests are programmed to take place until May. Prices were averaged across fillet sizes. 





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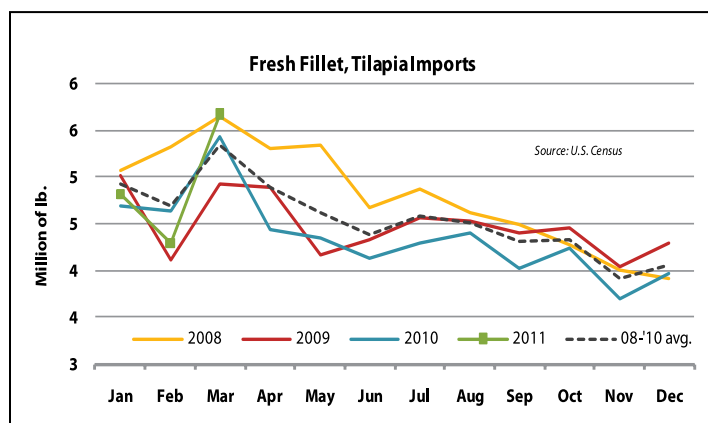
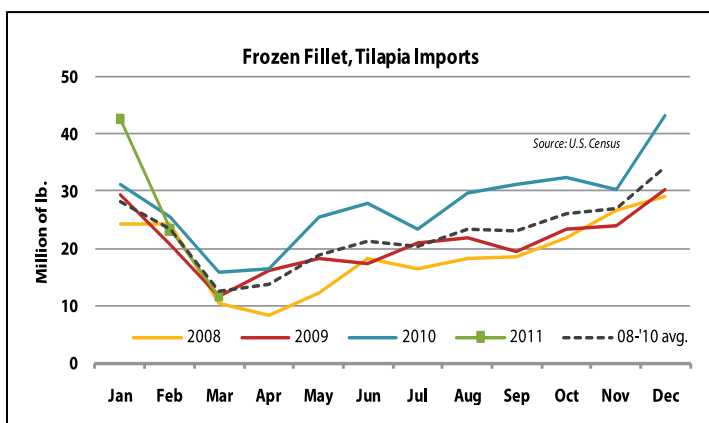
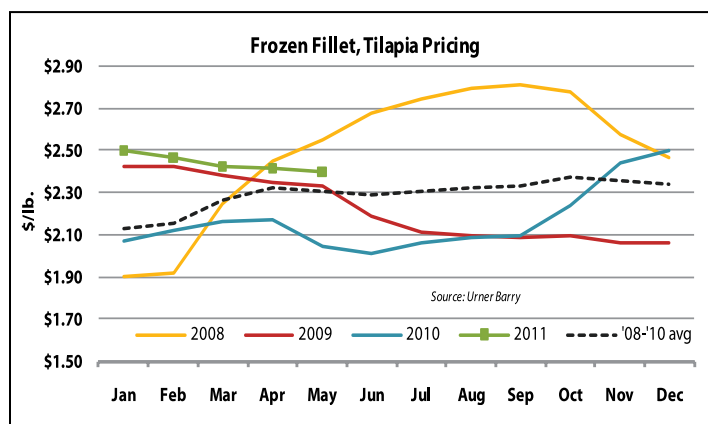
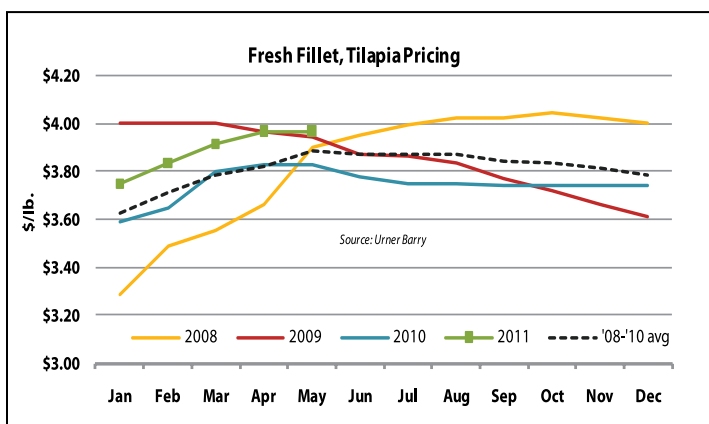

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Groundfish supply should be fully adequate



By Paul Brown, Jr.

COD - The cod resource is on the rebound in the

Barents Sea and Iceland waters but remains under pressure in the North Sea. Pacific cod appears stable. Atlantic cod production far outstrips Pacific cod production.

The U.S. is the largest producer of Pacific cod and the Bering Sea Aleutian fishery has earned Marine Stewardship Council (MSC) certification. Russia and Japan make up the balance of production. The U.S. total allowable catch for Pacific cod for 2011 is 281,300 MT a sharp increase over 2010.

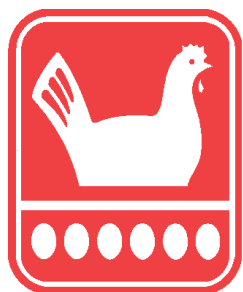
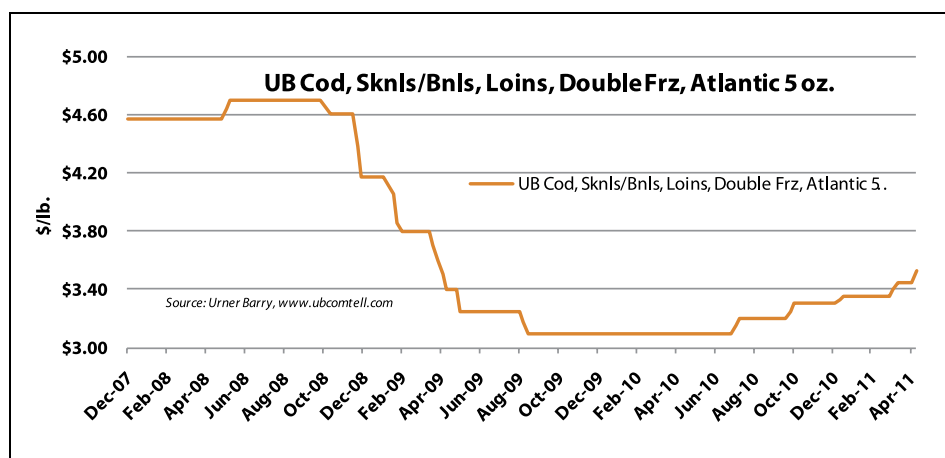
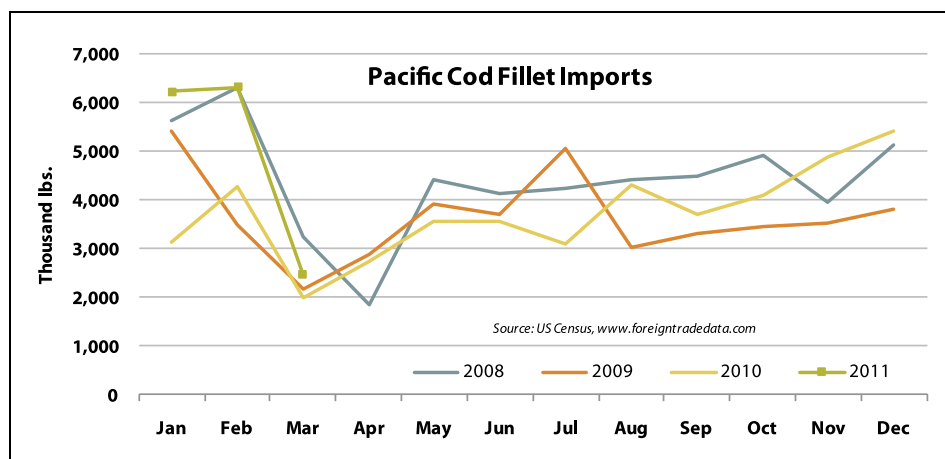
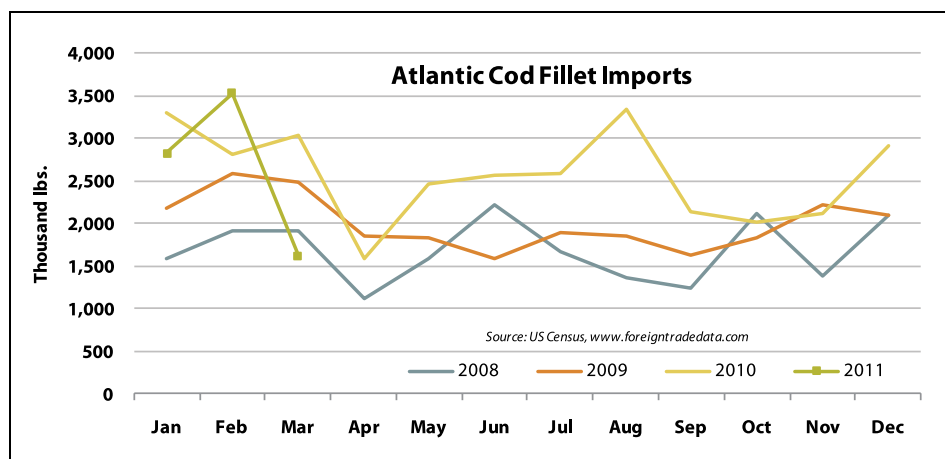
After Iceland's sharp cod quota cut in 2007 cod stocks there appear to be generally on the rebound and steady. Also with improved management and a reported halt to IUU fishing, Russian and Norwegian cod stocks in the Barents Sea have also improved along with quotas. In the fourth

quarter of 2008, the large Barents Sea cod stock entered into the MSC certification program and was certified as sustainable in November 2010.

Quotas for the joint Norwegian and Russian Atlantic cod fishery in the Barents Sea which were 430,000 MT in 2008 were

increased to 525,000 MT in 2009 and to 607,000 MT in 2010. The 2011 cod quota has been further increased to 703,000 MT. Norway, Russia, and Iceland represent over three quarters of Atlantic cod production.

The North Sea cod fishery and Baltic Sea fishery have also been under intense



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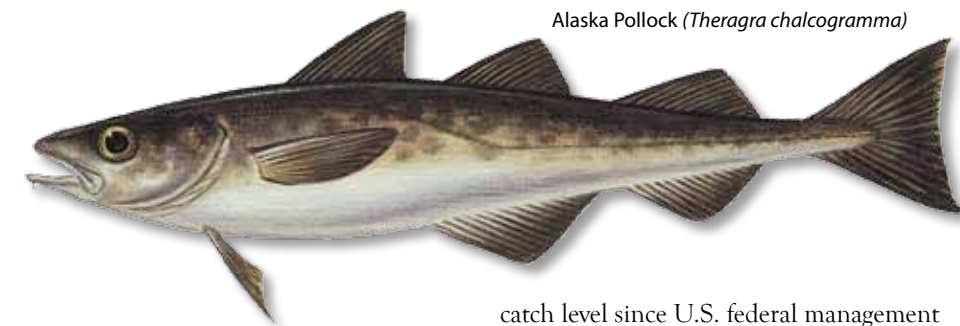
conservation and rebuilding pressure. Both the Eastern and Western Baltic cod fisheries have entered the MSC certification program.

Since the early 1990s the Canadian cod fishery had been virtually closed while stocks attempt to rebuild. Recently; however, in the Northwestern Atlantic, cod has had resurgence.

Similarly the U.S.'s Georges Bank fishery remains under pressure while the Gulf of Maine has improved.

So according to the Alaska Seafood Marketing Institute, for 2011, the worldwide total allowable catch of Atlantic and Pacific cod will increase about 15% or 1,160,000 MT on top of a 13% increase in 2010.

U.S. frozen cod fillet imports, both Atlantic and Pacific, moved higher in 2010 over 2009. Much of the imported cod comes from China where it is processed from other sources. Other top suppliers

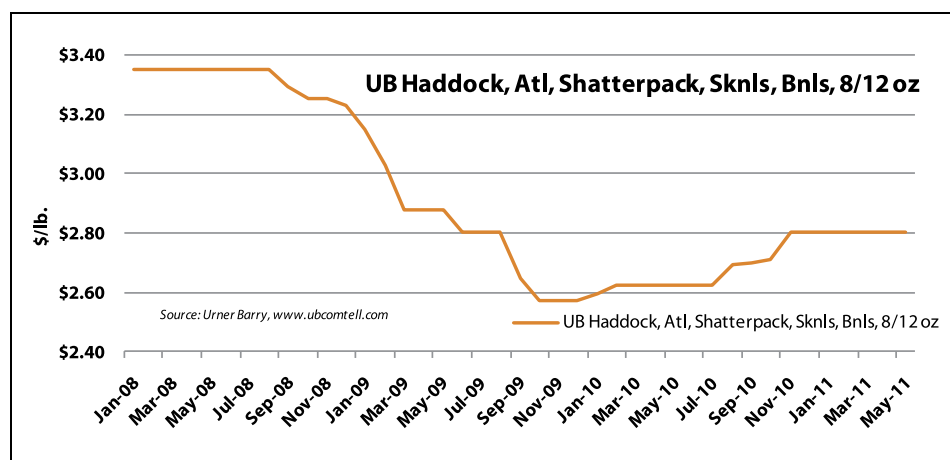
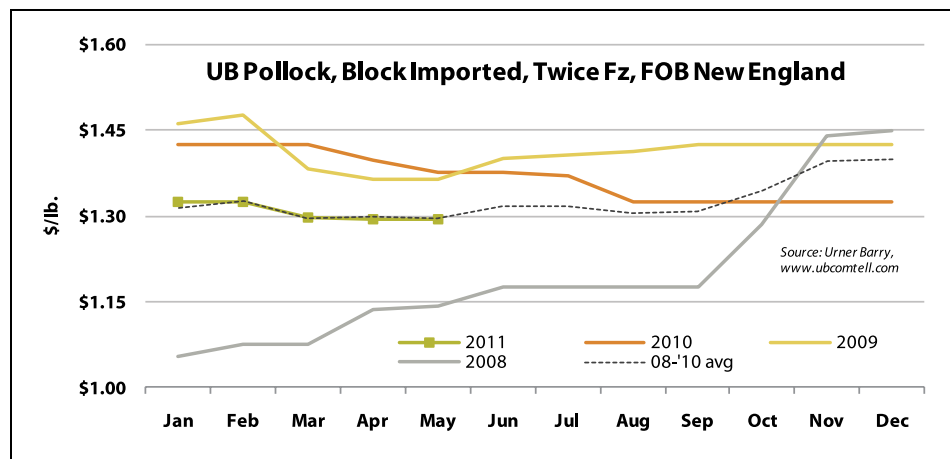


Alaska Pollock (*Theragra chalcogramma*)

are Russia and Iceland. In the first quarter of 2011 Atlantic cod imports are behind a year ago while Pacific cod imports are well ahead of last year. Despite a significant increase in cod production, the market has moved higher recently based on higher overseas replacement cost likely driven in part by higher labor costs in China and generally higher energy costs. Looking to the rest of 2011, the market is unsettled.

POLLOCK - The Total Allowable Catch (TAC) for Alaskan pollock was reduced from 2007 to 2008 by almost 30% to 1 million metric tons. The 2009 season was cut an additional 19% from 2008 to 815,000 metric tons for 2009, the lowest

catch level since U.S. federal management of the fishery began in 1977. In 2010 the North Pacific Fishery Management Council limited the TAC to a conservative 813,000 MT. As anticipated the Alaska pollock total allowable catch for 2011 has been increased to 1.271 million MT, a sizable increase. It is predicted to be about the same for 2012; however, further significant increases in the Alaska pollock catch will be limited by a 2 million MT cap on all groundfish harvesting in Alaska. After declining since the late 90s, the Russian pollock fishery in the Bering Sea and Sea of Okhotsk; historically larger than the Alaskan fishery, has recently been improving, especially in the Sea of Okhotsk. The Russian fishery supplies much of the raw material to Chinese producers which is then processed and shipped all over the world. Chinese twice-frozen processed pollock products have seen some increases in price, however, not relative to U.S. Alaskan pollock. Single frozen Russian pollock production is increasing, and an effort to have the fishery MSC certified could change the dynamics of the whitefish market if it is successful. The Russian government is also strongly encouraging domestic processing and trying to reduce exports of unprocessed frozen pollock to China. U.S. imports of pollock fillets and blocks are mostly from China although Russian imports, especially of fillets, increased sharply in 2010. Recently the tone of the pollock market has moved barely steady to weak with the increased supply.



HADDOCK - Although a third of cod's production, haddock production has been on the rise hand-in-hand with cod due to many of the same conditions. Prices have been weak in the U.S. and inventories have been reported burdensome but are now coming into better balance. The market has been generally steady, and similar to factors affecting cod, some anticipate the market to strengthen in the short term but the market remains unsettled. **UB**

Where is mahi-mahi?

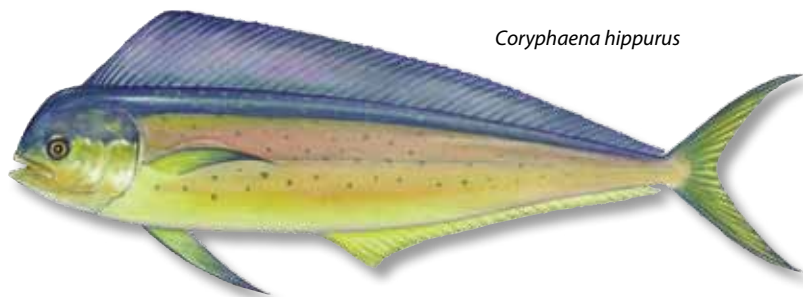


By Angel Rubio

Mahi-mahi has been an item with substantial attention in the wholesale food industry throughout the past several months. Existing supply in the U.S. from Central and South America, particularly from Peru and Ecuador, is tight and market prices are firm. According to data from U.S. Customs, imports of mahi-mahi portions from this region of the world are 26% lower when comparing November 10-April 2011, to November 2009-April 2010. Although losing $\frac{1}{4}$ of last year's supply—assuming demand is constant—is enough reason to understand higher market prices, other factors played an important role in reaching record trading levels throughout the 2010-2011 C&SA fishing season. Importers, suppliers, and distributors in the U.S. have been monitoring their inventories rather closely

by raising prices aiming to discourage large volume trades.

From mid-October until early January, the word at the ports was that landings were poor and that expectations were around 50% fewer catches than the previous season. On January 4th, news about poor catches in Ecuador made many importers and suppliers nervous about potential future product availability. At the time, Urner Barry was reporting a firm undertone, and reports from some



Coryphaena hippurus

Peruvian producers indicated that the season could be one of the worst in years. Moreover, long-line fishing in Costa Rica, which is a third-ranked smaller supplier, was banned further curtailing the availability of mahi-mahi.

At first glance, a well-backed assessment is difficult given the lack of information about mahi-mahi production in Ecuador and Peru. Yet, when taking a look at U.S. imports across commodity types of mahi-mahi such as fillets, portions, or fresh whole, then one can agree with market prices firming up substantially; fewer imports, while keeping demand constant, then higher prices make sense. For example, imports of frozen fillets were off by 75% when comparing the 2010-2011 season to the previous one from November to March. In relation to mahi-mahi portions, this means that demand, say for mahi-mahi portions, will leave less supply available for the production of another commodity, in this case mahi-mahi fillets. So, as demand for portions soared, packers rushed to buy the limited supply at rising beach prices—some call it dock prices, or simply prices of raw materials—as fishermen up their offering levels in order to offset poor catches. Then packers paid higher and higher beach prices with most of the raw material going into the production of portions. That increase in demand translated into higher prices for importers that would eventually be passed to their buyers as these sought this rather scarce specie. For example, Urner Barry's average price for 8 oz. portions in March 2011 was 38% higher than that of March 2010. By that point, imports from November 2010 to March 2011 were 25.5% lower; supply of frozen fillets was down 75% during the same period, and the March 2011 average price for a 3-5 lb. fillet, natural skin-on,

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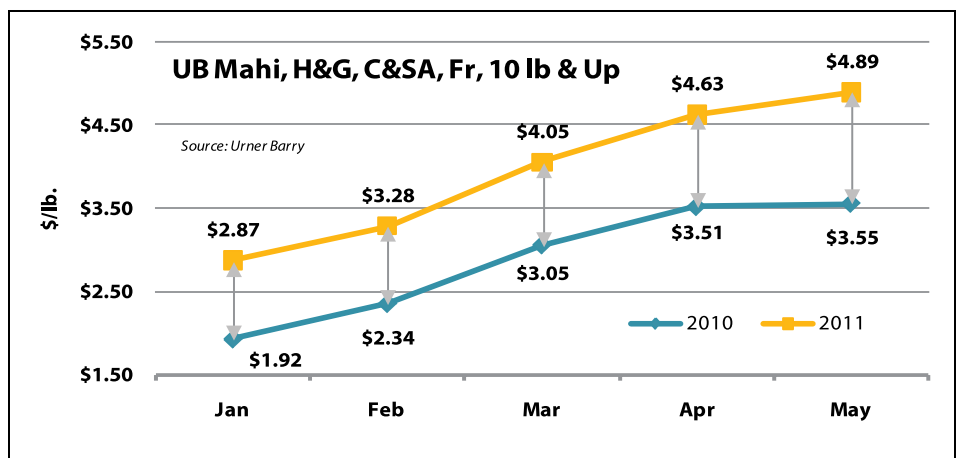
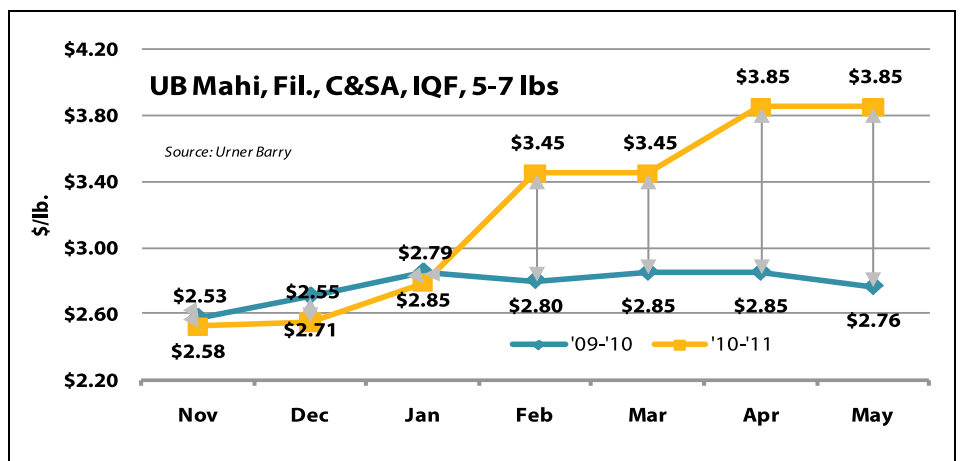
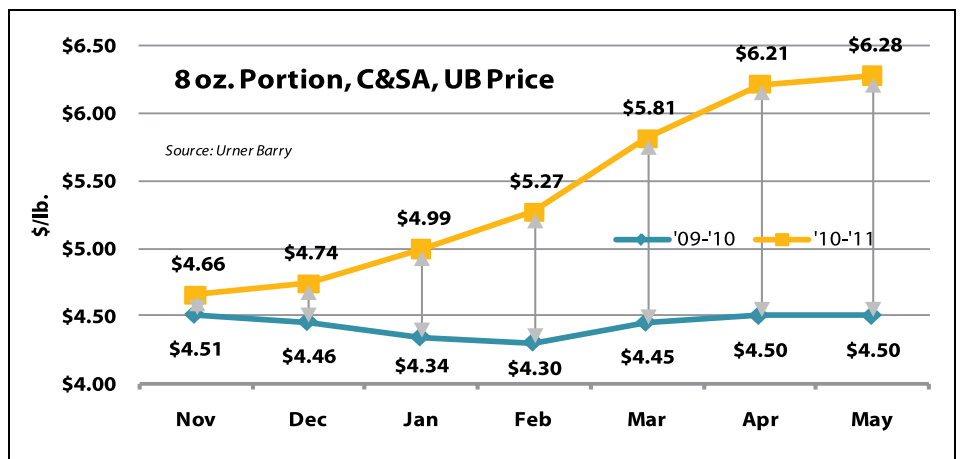
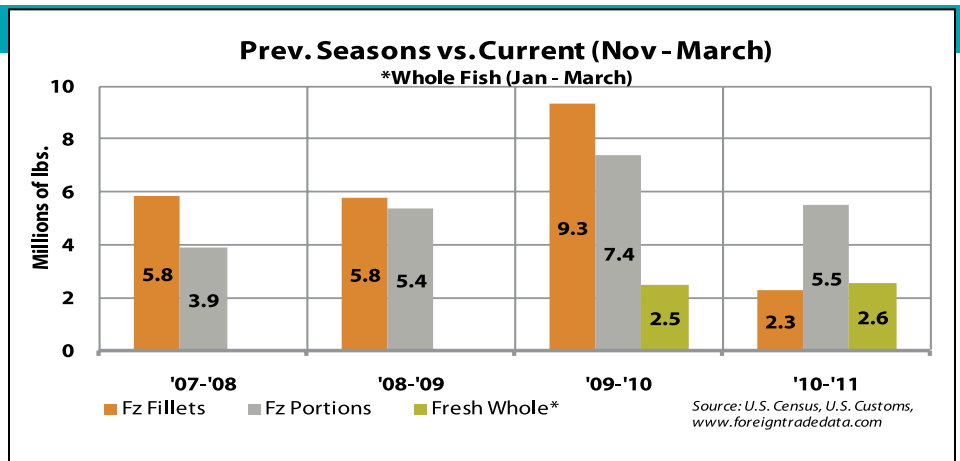
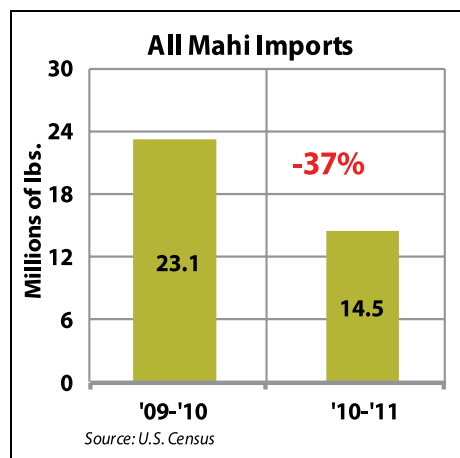


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when compared to the same month a year ago, was 25% higher. May 2011 prices when compared to May 2010 are 50% higher for fillets and 39% for portions even though quotations for portions were removed on May 17th due to lack of offerings in the spot market.

Finally, we can take a look at fresh whole mahi-mahi. The U.S. Department of Commerce just started tracking this item in 2010 with the U.S. Census releasing its first imported monthly figure in January 2010. Although there are not enough observations in time to make a more quantitative comparison, we can compare volume and price of 2010 and 2011 and make the safe assumption of a stronger demand. Figures show only a 2.4% increase in imports throughout the first three months of 2011 when compared to 2010, with a 36% increase in average price for the same time period. Therefore, we can assume that importers of fresh mahi-mahi had to compete with traditionally frozen importers for a limited amount of raw material.

In conclusion, mahi-mahi catches were poor to say the least. Supply was short, demand adjusted by commodity type, and prices rose. When adding mahi-mahi fillets, portions, fletches, and fresh whole fish, imports for the first quarter of 2011, U.S. Census figures show a 37% decline when compared to the same period a year ago. Simply put, this means that importers had to bid higher for mahi-mahi whatever the commodity type was; whether the P.O. was for portions, fillets, loins, or fresh wholefish. The market, once again found equilibrium of a scarce resource, in this case mahi-mahi, by signaling higher prices.^{UB}



Costs continue climb as Chile



By Janice Brown

FARMED SALMON

Much like the past two years, the farmed salmon market continues to see lower imported product and the question of who is the top supplier has yet to be answered consistently. With the most recent imports from March, the top fillet supplier is clearly Chile. The U.S. has imported 16.5 million pounds of fresh fillets from Chile through March 2011. This is 46.4% higher than the same time period last year. Norway, on the other hand, has exported 6.2 million pounds of fresh fillets through March 2011 which is down 58.6% from the same time period a year ago.

Overall farmed salmon imports ended 2010 -3.7% lower than year ago levels. Fresh wholefish imports saw YTD figures increase 2.7%. Fresh fillets, on the other hand, were

lower—21.7% down from 2009 YTD levels. Again almost all of that decrease of product can be attributed to the decline of exports from Chile; the country is still recovering from the initial ISA breakout in 2007 which devastated salmon stocks. End of the year imports of fresh fillets from Chile were down 48.3% in 2010.

The uncertainty in salmon has been a theme over the past several years as supply continues to be the major question. Seafoodnews.com ran an article from Rabobank Europe on February 9, 2011 which stated:

“The uncertainty in salmon has been a theme over the past several years as supply continues to be the major question.”

“In 2011, global Atlantic salmon production is expected to recover 1.5 million tons, surpassing production levels in 2008. Source: “The Salmon Industry Shifts Gear”, Rabobank Report Feb 2011. Since June, Chile has made dramatic gains in market share in the U.S. against Norwegian producers. As a result, Chilean market share for Atlantic salmon has grown from 29% in May 2010 to 51% in December 2010.”

However, questions remain and John Sackton wrote about the uncertainty in salmon within his piece at the Boston Seafood Show this past March.

“One question on a lot of people’s mind at the show this year has been in what quarter Chile will be ramping up production. There is no clear answer, with some expecting to see a real increase in the 4th quarter of 2011, and others not expecting anything until the 1st quarter of 2012.

There seems to be no clear read - except that there is little indication of salmon prices weakening. One Chilean producer told some of his suppliers that he was about a month behind in growth from original projections.

Chile is ramping up production under a new system that does not allow antibiotics and makes numerous other operational changes. As one salmon industry person said, ‘they have not produced under these conditions, so there is bound to be a learning curve.’ ”

With supply issues being the one constant in the farmed salmon market, pricing has remained firm. Urner Barry quotations are actually the same they were at this time in 2010; an average of \$ 5.70 on 2-3 pound Chilean fillets. However, the total average in 2010 was \$4.947 as compared to the current total average mid-May of \$5.556.

Although supply is supposed to improve out of Chile through the summer, the U.S. market has yet to see a decline in pricing. The situation remains fluid and will most

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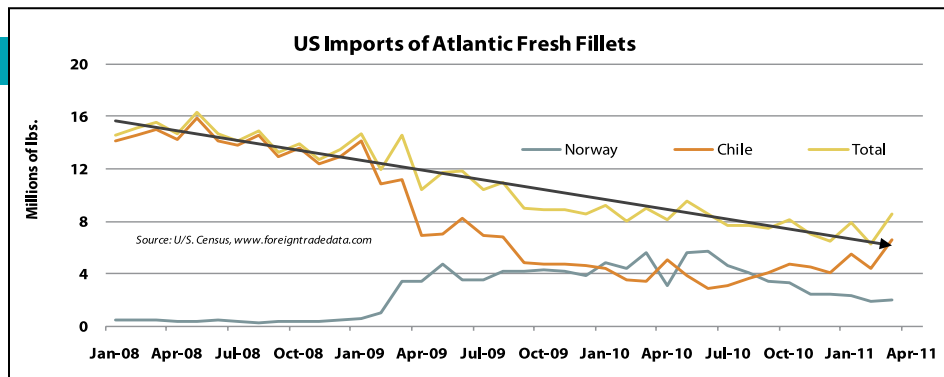
likely continue to see inconsistencies in supply as the Chilean industry adapts to their new system.

WILD SALMON

Wild salmon in Alaska saw an enormous jump in value in 2010 and if harvest projections are correct, 2011 might be a record breaking year as well. According to the Alaska Department of Fish and Game, ex-vessel prices in Alaska jumped 28% from 2009 and were \$533 million dollars. The biggest surprise was the pink run of 105 million fish which was about 36,000 fish over the projection for 2010.

CONSUMPTION

Many market participants worry about consumption; higher prices and lower availability of salmon over the past few years has caused consumption to drop. With wild salmon harvests higher out of Alaska and Chile recovering and sending



Alaska Wild Salmon Harvest Projections and Actual Harvests*

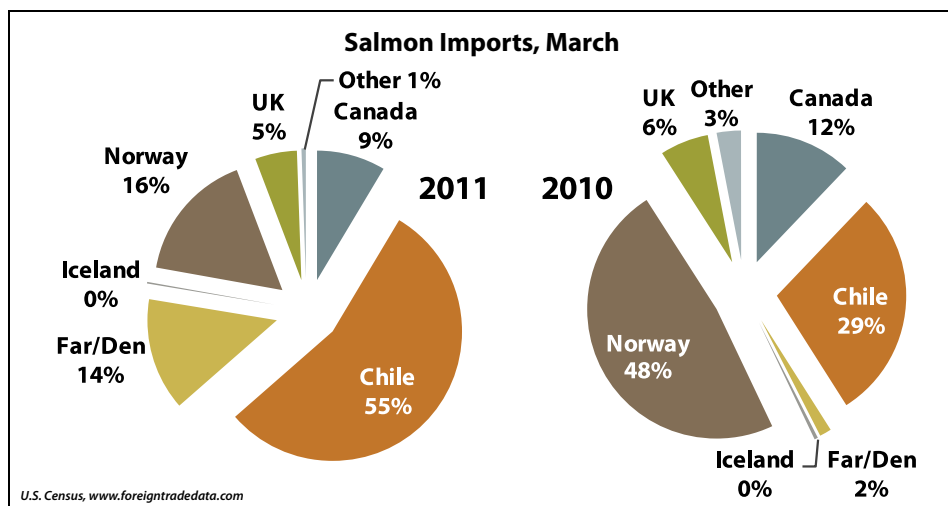
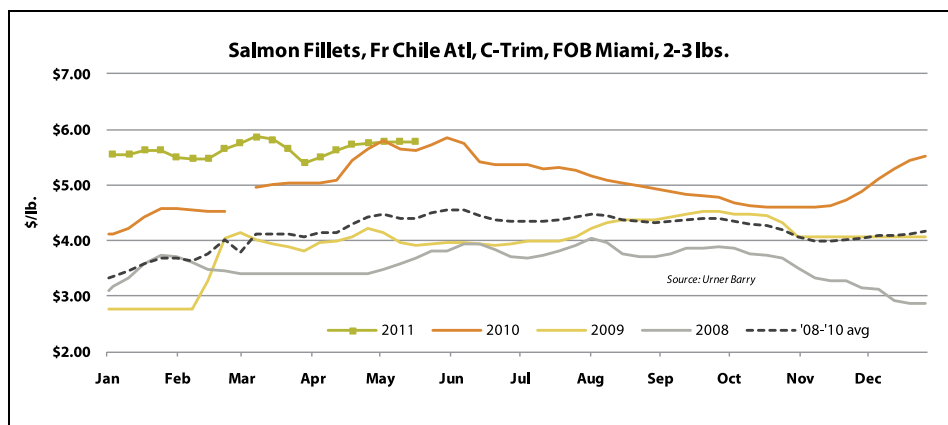
| | 2009 Projections | 2009 Actual | 2010 Projections | 2010 Actual | 2011 Projections |
|--------------|------------------|----------------|------------------|----------------|------------------|
| King | 427 | 359 | 143 | 365 | 122 |
| Sockeye | 38,167 | 43,317 | 45,762 | 40,679 | 44,734 |
| Coho | 4,678 | 4,124 | 4,358 | 3,948 | 4,612 |
| Pink | 113,198 | 96,736 | 69,098 | 105,420 | 134,544 |
| Chum | 18,559 | 18,006 | 17,970 | 18,165 | 19,478 |
| Total | 132,557 | 162,508 | 137,330 | 168,576 | 203,490 |

*In thousands of fish

Source: Alaska Department of Fish and Game

more product, there may be a chance for price moderation which could lead to an increase in salmon consumption. 2010 consumption numbers for seafood are not currently available, but with less

available farmed supply in 2010, there is a possibility of lower consumption again for 2010. 2011, however, may break the downward trend in annual consumption for salmon. **UB**



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Crab supplies remain tight; Replacement product continues limited



KING CRAB

By Janice Brown

The lack of imported king crab continues to plague the market; pricing on all sizes are at record highs. Due to the declining imports and a declining domestic catch, pricing in the U.S. market has skyrocketed. Urner Barry quotations for red king crab in April 2011 range from \$4.57 to \$7.11 higher than in April 2010. All sizes are seeing higher quotations. During the month of May, the market is experiencing some moderation, especially on smaller sized crab. 20-up and 20-24 count red and golden king crab have trended lower, however, overall supplies in the market remain adequate to barely adequate and replacement product is limited.

In 2008, after a 49% decrease in imported king crab from Russia, 2009 Russian imports actually increased 2.3%. However, due to continued reigning in of illegal crab harvests in Russian waters, Russian imports decreased 36.6% in 2010 when compared to 2009 imports. As of February 2011, overall king crab imports are 43.6% lower than the same time period last year. Pricing in 2010 was similar to 2009 pricing and actually lower than 2009 for the first 2 month of 2010. However, during the summer of 2010, pricing began to increase drastically. The current average for 12-14 count red crab through the beginning of

May is \$14.58 while the average for all of 2010 was \$10.55; a difference of \$4.03.

"The lack of imported product continues to be almost completely reliant on Russia and their continued crackdown on illegal crab fishing. Seafoodnews.com ran this story on January 24, 2011.

"For the third year in a row, Russian authorities will put in place a ban of fishing golden and blue king crab in Western Kamchatka sub-zone, as of April 1, 2011. The initiative has the support of fishing companies, says RIA Fishnews. The proposal is part and parcel of the state's attempts to deal with the bycatch of Kamchatka (Red King) Crab, as well as to put a stop to taking it when fishing for blue and golden king crab."

Closures remain in the Russian waters. Crab from the U.S.'s largest importer remains limited and very costly. Although we are seeing quotations trend lower on smaller sizes, larger-to-mid size crab remains steady to full steady and inventories continue to be held closely by importers.

Brown/golden king crab market has followed a similar trend to red king crab and continues to be seen as a great alternative to red king crab. However, like red king crab, inventories are light and replacement product is limited.

The Alaskan king crab market saw the quota decrease again this year; going from 18.3 million pounds in 2009, to 16 million pounds in 2010, and 14.8 million pounds in 2011. Demand remains moderate to active for Alaskan product and Japan, before the earthquake, was an active buyer.

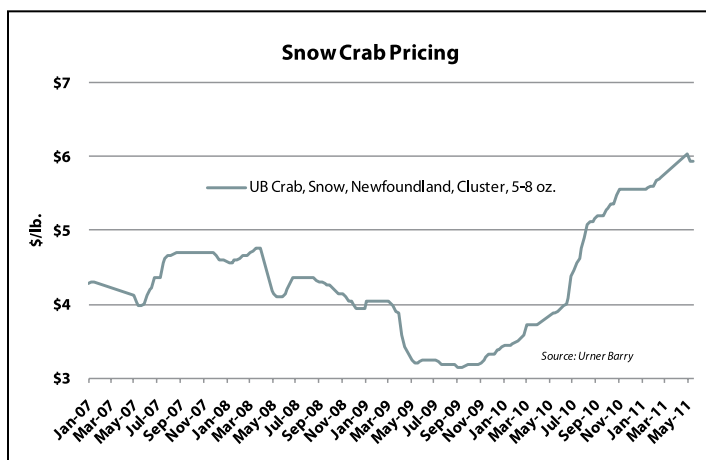
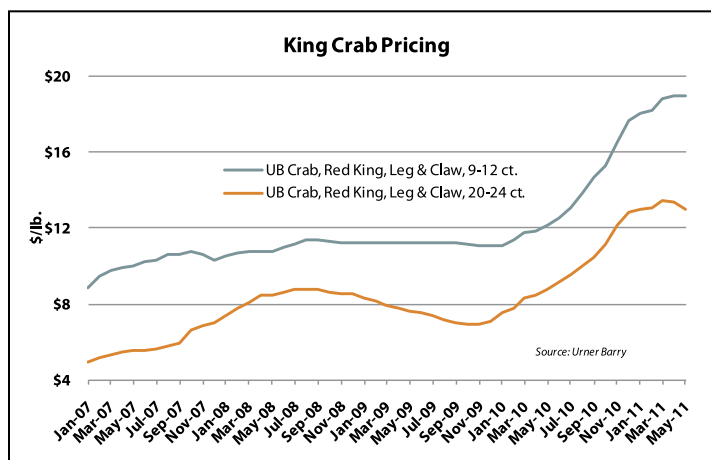
SNOW CRAB

At the time of this writing, the Canadian Snow Crab market quotations were reinstated. The market is highly unsettled, especially on 5-8s as new crab flows down from Canada into the U.S. market. Market participants continue to report smaller volume sales for a cautious buying interest as significant bidding activity has yet to develop. Offerings, currently, tend to vary widely from seller to seller and inventories are reported to be fully adequate and building.

Although the market was thought to be "starved" of crab, many sellers are seeing much resistance from buyers to numbers that are \$2.14 over opening of where quotations were last year at this time. The sticker shock looks to be rampant and present sales are reported to be hand-to-mouth. Buyers are only buying what they need in the immediate future.

It is a fluid situation yet has with many outside factors including Japanese interest

Continued on page 38



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Continued from page 36

in Canadian crab, the weakness of the U.S. dollar, and other countries' demand for Canadian snow crab which may include China and other Asian countries.

The Canadian snow crab quota was decreased this year to about 66,000 tons for both Newfoundland and the Gulf. With less available product, market participants expect firm levels throughout the year; however, currently they are seeing buyer pushback.

The Alaskan opilio market during 2011 was extremely firm; the average in 2011 is currently \$6.13 which is \$2.32 over the average for the entire year in 2010. Product is dwindling and it was reported throughout 2011 that product was moving rapidly through the system. The Alaska quota increased about 13% from the previous season. Supplies were barely adequate for an active to brisk demand during the beginning of 2011. Currently, the market has seen quotations trend slightly lower for the remaining product

as demand is reported to be fair to moderate.

The overall crab market is dealing with a fluid situation and currently demand for higher priced crab, product that is anywhere from \$2.00 to \$7.00 over levels from 2010, is creating pushback from cautious buyers. With reports of gas remaining higher through the summer and unemployment still high; buyers appear to be currently buying only for immediate needs.

CRAB MEAT

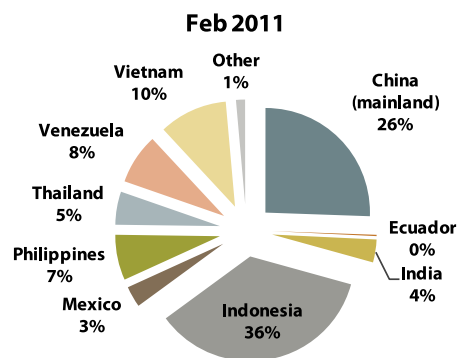
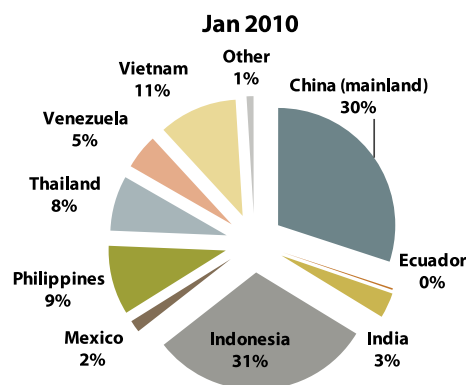
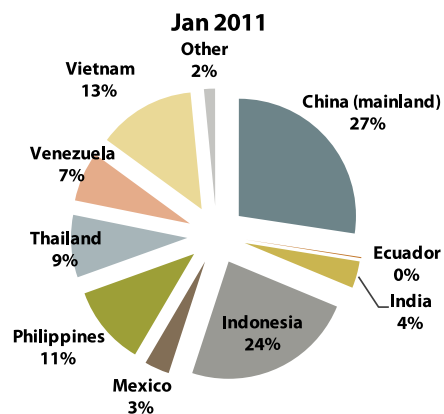
By MaryAnn Zicarelli

The crab meat market in the U.S. has shown moderate to active demand throughout 2010 and continuing into 2011. Raw materials from overseas are reportedly dwindling, particularly meat coming from Indonesia and Venezuela. The growth of exports from China in 2010 exceeded the prior year by nearly 200,000 lbs and their YTD totals are about the same in 2011 as in 2010.

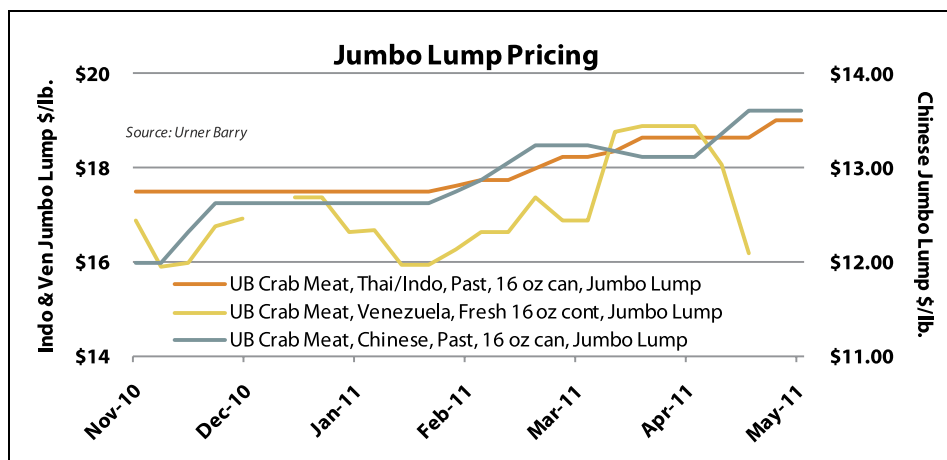
Indonesia has been the leading exporter of pasteurized crab to the U.S. until January 2011 when exports from China exceeded Indonesia by about 4%. Indonesia took the lead again in February 2011 with YTD totals that exceeded China by slightly more than 3% of the total imports.

Many U.S. importers say that rising replacement costs are putting upward pressure on market prices. Market prices for most grades of pasteurized and fresh meat have been full steady to firm from the start of 2011. **UB**

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Cautious consumers slow sales in



By Bruce Longo

Will the next few months within the boxed beef market be guided by supply driven market conditions or will demand be the force that drives the market? Certainly the past few months have seen both supply and demand patterns influence the boxed beef market, but which will act as the main influencer going forward?

The summer of 2010 beef market found itself mired with cautious discretionary spending by consumers, and it appears 2011 summer months may see the same. While restaurants have seen a slight uptick in business, consumers remain conservative with their household budgets and prefer to spend at either their local supermarket or wholesale club store. Not to say that business at the retail level has improved; in fact,

revenue derived from beef sales has been less than stellar due to high wholesale pricing which has prompted a drop in the amount of feature ads by supermarkets. Retail beef prices have climbed 13 percent (\$0.52) when compared to year ago levels according to the recent USDA All Fresh Retail Beef data, and is anticipated to post another increase upon the next update. The current value (March of 2011) is seen at \$4.48/pound, a record high price. Competing proteins such as poultry and pork have displaced many of the beef features.

Let's focus on some data concerning wholesale beef pricing. Looking at the Yellow Sheet Beef Index (an aggregated cutout using multiple grades of beef as well as yields and volumes), the index is coming off of a 52-week and a historical high of \$195.70/cwt seen in April of 2011. The summer of 2010 saw the Beef

Index hit a 52-week low at \$148.20/cwt. Futures and cattle markets are trading at levels never seen before—largely attributable to the historically high beef index pricing. Live cattle traded last summer at an average price of \$94.68/cwt according to the CattleFax 6-State Fed Steer Price. The projection for this summer's Fed Steer Price as depicted in the May 2011 *OBSONO Market Insight Report* has the average price forecasted near \$111/cwt, approximately 17% above last summer's data. Certainly the prices paid for raw material costs have affected wholesale pricing; with those increased costs passed onto the retail customer.

“...revenue derived from beef sales has been less than stellar due to high wholesale pricing...”

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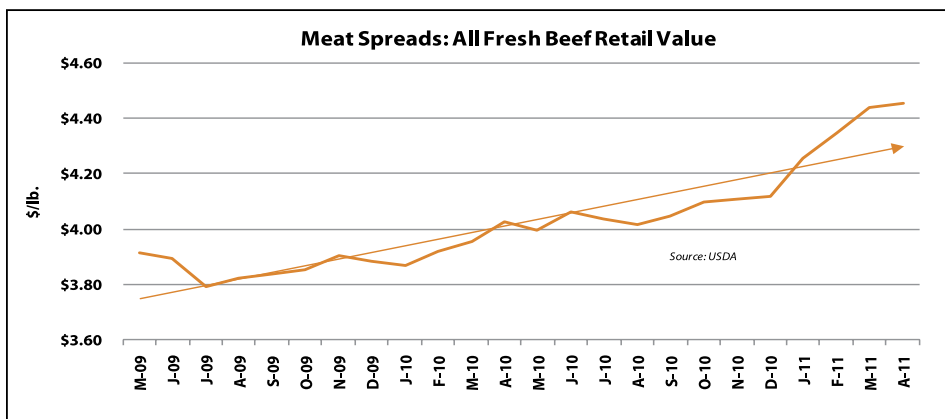
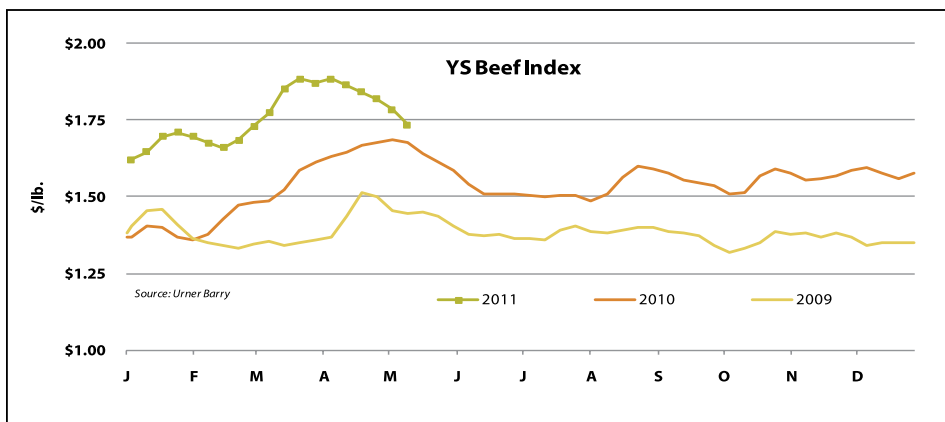


meat case

Total net beef production is expected to see an increase when comparing year-over-year data for the June and July months. Cattle market analysts are projecting an average Federally Inspected Slaughter of fed steer for June of 2011 to be 675,000 head per week, with June of 2010 showing an average of 664,000 head. July of 2011 is pegged for 663,000 head to pass through federally inspected processing facilities, contrasted with last July's average weekly harvest of 659,000 head per week. Steer carcass weights have also posted a modest increase when analyzed with 2010 data. Data compiled through the spring market shows the USDA Federally Inspected Dressed Weights on a weekly average basis at 775 pounds, with the same period in 2010 on the records at 768 pounds. The combination of the two components that comprise Total Net Beef Production (weights x slaughter) has market analysts seeing a one to two percent increase in total beef output from the processing facilities near term.

Now let's take a peek at the export market for beef, which has been a very important part of the beef market over the past year. Beef processors have realized a drastic increase in the amount of product going to foreign ports. While the data released by the USDA is somewhat lagged, the most recent numbers show exports of U.S. beef are up about 25% on the year, while imports of beef into the U.S. are down by almost 18%. The exporting of beef has been supportive to wholesale pricing, and has also played an instrumental role in the historically high levels of beef cutouts and the aforementioned Yellow Sheet Beef Index. Currently, the exchange rate of foreign currency to the U.S. dollar remains favorable to those countries who wish to buy domestic beef, market analysts feel that the percentage of beef procured by trading partners should continue to grow.

It remains a key talking point amid the industry as to what will occur within beef markets near term. Does the data support either a supply or demand driven market going forward? You decide! **UB**



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Beef up the trend



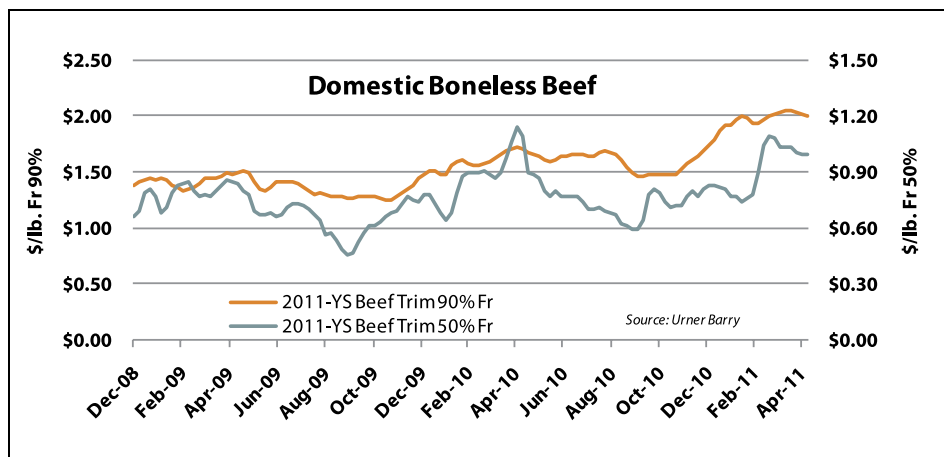
By Bill Smith

Below we take a look at the 2011 domestic fresh 90s and 50s market as it has unfolded thus far. Amidst concerns of a struggling U.S. economy, currency fluctuations, availability of product and a myriad of other issues, our fresh 90s data shows a very strong first quarter. Despite the fast start, information suggests a rather typical year when stacked up against the five-year average but at a significant premium. As for the fresh 50s market, tentative buying seems to be the trend in 2011 as we approach the mid-year mark.

As we look at domestic fresh 90s, the first quarter of 2011 started off at significantly higher price levels when compared to previous years. The strength in that market was largely attributed to the limited availability of imported beef. The average

price for the month of January 2011 was roughly \$185/cwt; \$34/cwt higher than January 2010. Cow and bull slaughter levels were slightly higher for Q1 than last year and the five-year average with the exception of March. The monthly average prices remained significantly higher than

2010 levels in February, March and April, as demand was more active than most participants' expected. Monthly average price for 2011 averaged up roughly 25% each month when compared to the equivalent month for 2010. Looking forward, most participants seem to be expecting the 90s



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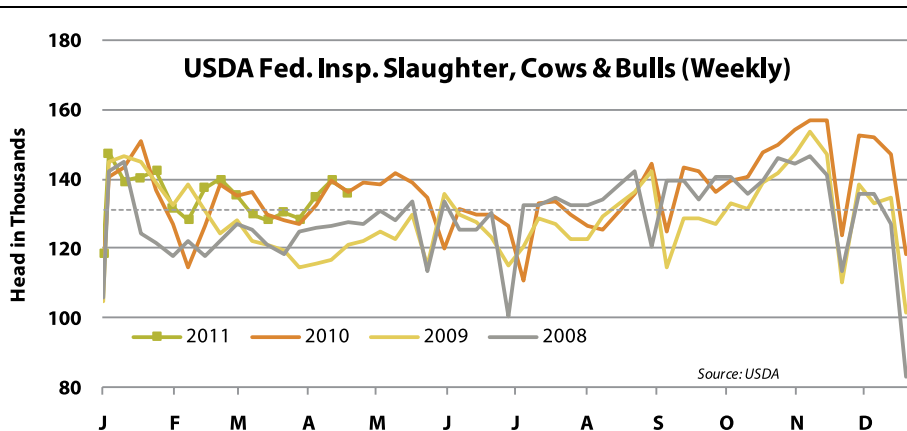
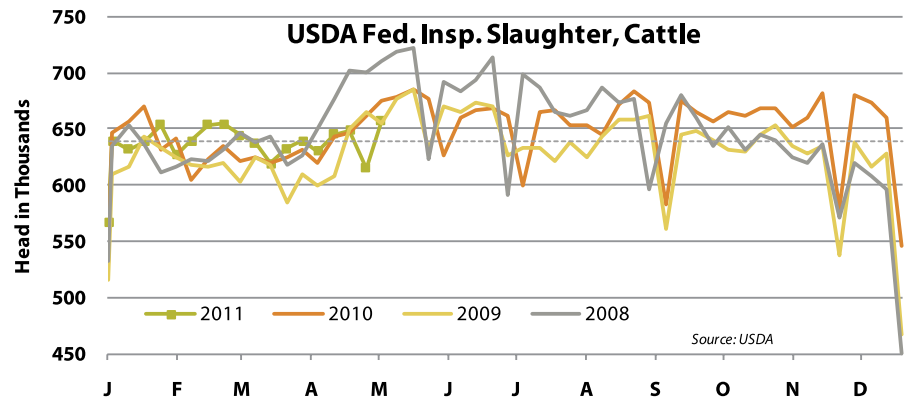
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market to follow the five-year average trend but at higher price levels.

Turning to fresh 50s, Q1 2011 opened with prices moving higher when compared to the previous quarter. January 2011 average price was \$83.21/cwt—roughly 9.5% higher than 2010 and 25.35% higher than the five-year average. The large increase can be attributed to strong demand. While prices did decline in February, they bounced back even higher in March. The average price for the month of March was \$100.26. Demand got notably more active as Q1 progressed. Participants continue to keep a close eye on the fed market. Buyers continue to take a cautious approach to the market as prices typically peek in the spring.

With as much concern as there was about how the domestic and imported beef markets would pan out in the first quarter of 2011; if any markedly significant changes will occur that cease the current trading at premium prices remains to be seen. Still, uncertainty is evident and likely to remain until issues like the state of the U.S economy pan out as we progress through 2011. **UB**



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U.S. dollar's change leaves pockets empty



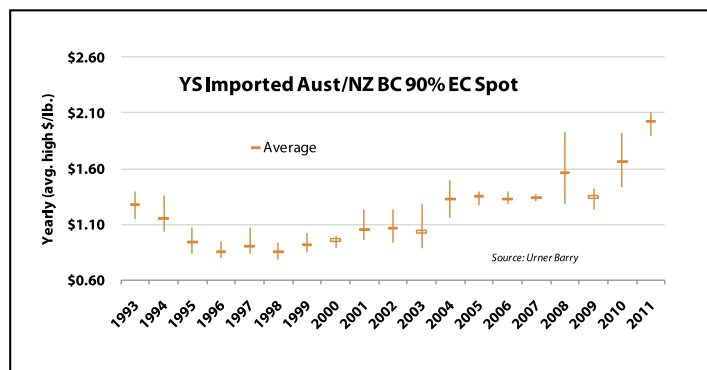
By Joe Muldowney

Imported beef values reached all time highs in the first half of 2011. The record highs are a result of a combination of factors, which include:

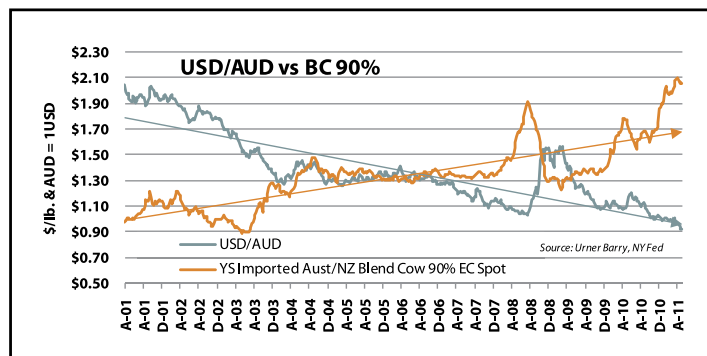
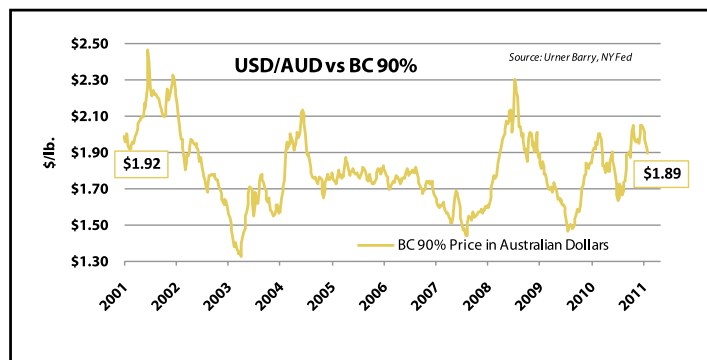
- Currency fluctuations
- Weather patterns in the USA, Australia and New Zealand
- Continued liquidation of domestic livestock
- Emerging worldwide markets for beef

THE WEAK U.S. DOLLAR

Comparing 2001 to 2011 we see that the price of meat has doubled while the buying power of the U.S. dollar vs. the Australian dollar has halved. 2010 and the first part of 2011 saw a very weak U.S. dollar. The weak dollar makes U.S. exports more attractive to buyers but makes it more difficult for U.S. importers to draw out goods from overseas. Since 2000, the Australian dollar



High, Low and Average Market Levels for Australian/New Zealand Blend Cow 90% Lean



has averaged about 73 U.S. cents. On April 2, 2001 it took only 48 U.S. cents to purchase an Australian dollar. Today the situation is much different. In early May it took about 1.07 U.S. dollars to purchase one Australian dollar. This means that at a steady price, Australian exporters would see less than half of the return for an item in 2011 that they did in 2001. In 2011, the return to Australian exporters at today's inflated prices is similar to the return that they were receiving in 2001 when BC 90s were trading at only half of the current price.

...“WHEN IT RAINS ON CATTLE – THE MARKET GOES UP. WHEN IT RAINS ON PEOPLE MARKET GOES DOWN”

Weather also affected trading patterns for imported beef. Here we will look at some ways that weather affected the market.

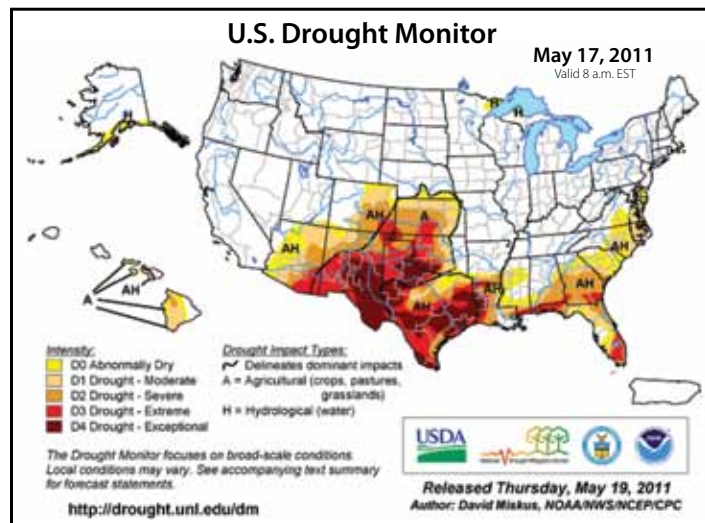
Domestically, the combination of drought and high feed prices are a factor in farmers' decision to liquidate cow herds. In areas of the country where pastures are unable to support livestock, farmers must make the decision to send cows to slaughter or to retain their animals and feed them. Like other commodity markets, feed costs are higher than what they have been; this and other factors including attractive returns for livestock had farmers continuing to liquidate their cows for much of 2010.

Weather challenges in Australia were very different from those of the USA. Weather created favorable pasture conditions down under, allowing many farmers to rebuild their herds and not send animals to slaughter.

Rains became heavy in late 2010 and early 2011 and Queensland, a major beef production region in Australia, suffered from devastating floods. Slaughter plants and cattle ranches were



Flooded road in Australian cattle producing region.



flooded and movement of livestock was affected for several weeks. This further affected availability of both livestock and beef.

In the U.S., weather also played a role in the marketplace. A harsh winter in some of the more populated regions of the country made for boom and bust consumer demand patterns. When severe winter storms were forecasted, consumers would rush to stores clearing their shelves of staples which in many instances included ground beef. When the storms actually occurred, retail outlets would be closed for days at a time as people dug out. In the end, retailers and fast food operators were reporting that harsh winter weather had a negative effect on consumer movement.

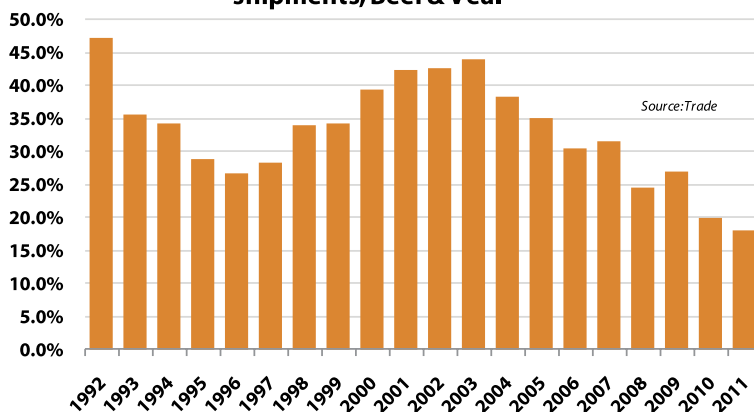
As the year moved forward spring began; yet for much of the country it was cold and wet. Chicago saw 50% more rainy days than normal, other populated areas were not much better. As a result, consumers were slow to fire up their grills, an activity that normally favors ground beef consumption.

OTHER COUNTRIES COMPETE WITH THE USA FOR EXISTING BEEF SUPPLIES

As income levels rise in developing countries, diets change to include more meat protein. Because of this, countries that export beef now have more options than they used to have. This provides the U.S. with buying competition. Additionally, a surge in oil prices also bolsters the buying power of countries like Russia, where oil is a main export. So far in 2011, the U.S. has been able to purchase only 18% of Australia's exported beef. Compare this to 1992 when the USA accounted for over 47% of Australia's beef exports.

While the U.S. does not import frozen manufacturing beef from Brazil, market values and availability from that country do have an impact on prices here. A lack of Brazilian beef exports on herd rebuilding, domestic consumption, and the strength of the Brazilian real has left a void in availability for their export partners. Other South American beef producing countries have stepped in to fill the void; this is one reason that we have seen a sharp decline in the amount of beef coming to the USA from Uruguay. Australia and, to a lesser extent, New Zealand have also moved to fill the need—which has limited offerings to the USA. **UB**

Monthly Shipments from Australia to USA as % total shipments, Beef & Veal





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Supplies tight and wholesale values high



By: James P. Kenny

HOG VALUES SOAR TO RECORD HIGHS

Live hogs traded at or near record levels for a majority of 2010, fueled by higher input costs, an increase in sow slaughter in the prior two years and a robust demand for U.S. pork products overseas. Taking a look at the bellwether Iowa-Southern Minnesota live hog market area, livestock there traded between \$41.94/cwt and \$65.42/cwt and averaged \$54.53/cwt on a live basis. This compares to a range of \$33.99/cwt to \$48.57/cwt and an average of \$41.48/cwt a year ago.

The U.S. inventory of all hogs and pigs on December 1, 2010 was 64.3 million head, down one percent from December 1, 2009. Breeding inventory on December 1, 2010, was 5.78 million head, down one percent from December 1, 2009. Market hog inventory, at 58.5 million head, was down one percent from last year.

The average number of pigs per litter for the September-November 2010 period was a record high 9.89, compared to 9.70 last year.

The total number of hogs under contract-owned by operations with over 5,000 head, though raised by contractees—accounted for 45 percent of the total U.S. hog inventory, up from 44 percent last year.

The number of operations with hogs totaled 69,100 during 2010, down three percent from 2009. Places with 2,000 or more head accounted for 86 percent of the inventory.

PORK PRODUCTION DECLINES

The 2010 federally inspected hog slaughter,

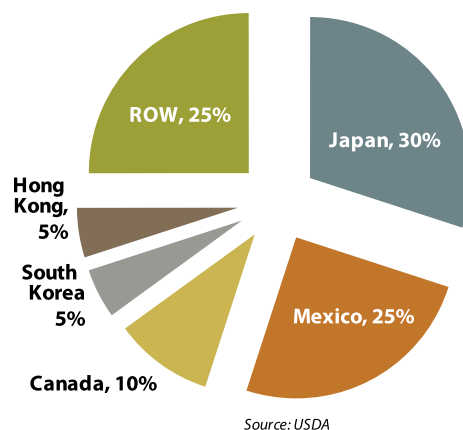
at approximately 109,314,600 head, represents a nearly three percent reduction from year-ago levels. Sows comprised 2.7 percent of the slaughter, compared with 2.9 percent in 2009. The average dressed weight of a hog continued to increase. In 2010, the average dressed weight of a live hog was 204 pounds, up from 203 pounds in 2009. The higher dressed weights partially offset the decline in slaughter. Commercial pork production declined roughly two percent from the prior year, totaling 22.436 billion pounds.

GLOBAL PORK TRADE CONTINUES TO EXPLODE

A weak dollar and livestock health issues overseas fueled interest in U.S. pork. Fourth-quarter 2010 pork exports totaled 1.147 billion pounds, an increase of 2.8 percent over the same period last year. Total 2010 shipments reached 4.227 billion pounds, 3.2 percent larger than 2009 exports. The largest foreign destinations of U.S. pork in 2010 were Japan, Mexico, Canada, South Korea and Hong Kong. In 2010, exports accounted for roughly 19 percent of U.S. pork production. In 2000, that proportion was 6.8 percent.

Conversely, pork imports finished the fourth quarter 1.5 percent below a year earlier, at 219 million pounds. Total imports for 2010 were almost 860 million pounds, 3.1 percent larger than in 2009. Import shares stayed relatively constant year-over-year, with Canada accounting for 81 percent of U.S. imports in both 2010 and 2009. Nine percent of U.S. imports last year were of Danish origin, compared with almost 10 percent in 2009. Live swine imports fell almost 10 percent in 2010 compared with 2009.

Pork Export Breakdown



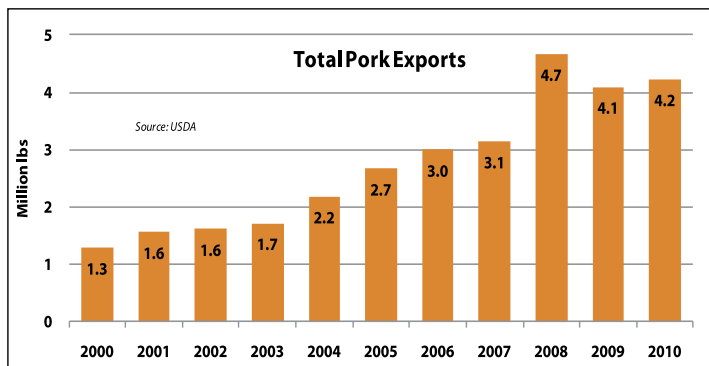
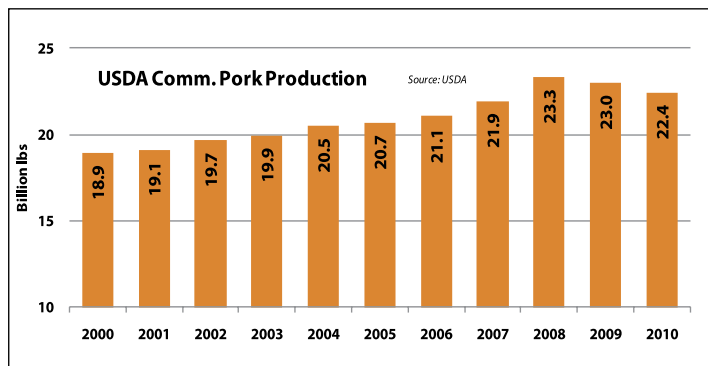
The U.S. remained a net exporter of pork; the trade gap in 2010, 3.367 billion pounds.

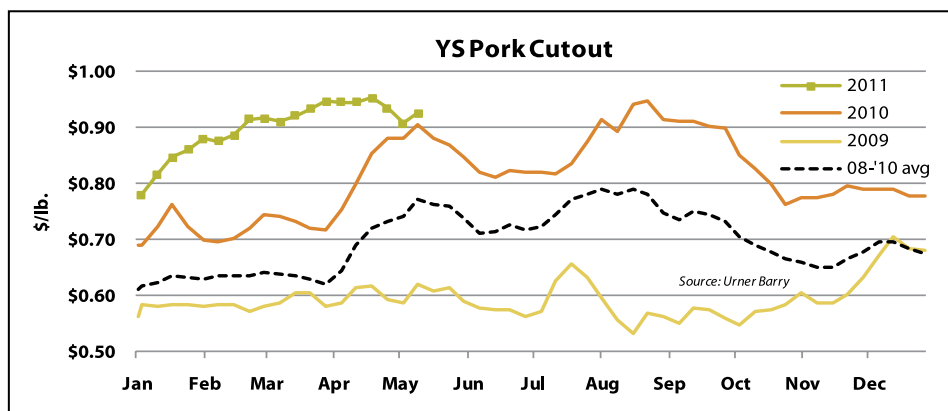
The number of hogs sent to the U.S. from Canada continued to decline; reduced another 9.7 percent in 2010, off an astounding 43 percent since the 2007 high. Hogs weighing less than 15.4 pounds are the largest portion, comprising 49 percent of the total. The number of slaughter ready hogs imported from Canada comprised 17.6 percent of the total. The Canadian hog slaughter totaled 20.291 million, roughly a 2.5 percent decline.

Per capita disappearance of pork (retail lb) declined roughly 4.8 percent in 2010. Disappearance in 2010 totaled 47.7 pounds compared with 50.1 pounds in 2009.

MEAT PRICES REALIZE BIG GAINS

The pork cutout—which is a composite of pork cuts, trimmings and variety meats—soared in 2010 to record levels. The cutout ranged between \$67.70/cwt and \$96.44/cwt, averaging \$81.11/cwt—an astounding 37 percent increase over last year.





High hog prices, increased exports, reduced cold-storage stocks and improving domestic demand all contributed in keeping overall pork supplies tight and wholesale pork values high.

Ham prices felt a boost from the tight pork supplies and strong export demand from Mexico was particularly supportive of the ham market. All sizes averaged a little more than 50 percent above year ago levels, and slightly better than 20 percent above the five-year average.

Belly prices were no different, but instead of the majority of support coming from exports, bellies benefited from especially low cold storage supplies and a rising trend in consumer demand. 14/16 bellies averaged \$129/cwt in 2010, an 18 percent increase over the 2009 average, and 42 percent above the five-year average.

An exceptionally weak sausage materials market in 2009 opened the door for incredible gains in 2010. Lower production, in tandem with an improved call for processed meat products, led all major products higher. Fresh 50s averaged 82 percent above 2009, and 22 percent above the five-year average. Fresh 80s traded 84 percent above 2009 on average, and 32 percent above the five-year average. Boneless picnics also posted impressive gains, though not as much as regular trimmings given sustained demand for export. The average price for boneless picnics was up 59 percent above year ago levels and 25 percent above the five-year average.

Taking a look at the bellwether items in retail pork, large double-digit gains can be seen in most comparable timeframes (2010 vs. 2009 and 2010 vs. 5Yr-Avg), with little

exception. The only notable exclusion to this trend would be boneless loins, which failed to keep pace. Short production and an improved buying interest from points abroad have been price supportive, especially in the case of pork butts. Spareribs meanwhile have benefitted from a sustained call from both the retail and foodservice sectors. Getting back to boneless loins; most point to an existing overcapacity in boning operations as the reason they've failed to keep pace.

The strength in wholesale pork product values easily kept pace, even exceeded, the increases in livestock. In fact, packers were profitable in all 12 months of 2010. According to the average Dow Jones Pork Packer Margin Index, standard operating margins at packinghouses averaged \$12.31 per head. This is by far the largest profit margin in any of the last five years; the next best was an average margin of \$5.47 in 2008.

A GLIMPSE AT 2011

According to the USDA, pork production is expected to increase slightly in 2011, to roughly 22.6 billion pounds. This increase amounts to a less-than-one percent change from the 2010 total of 22.436. At the same time, U.S. pork exports are forecast by the USDA at 4.675 billion pounds; this represents a 10.6 percent increase from a year ago and is expected to account for 20.7 percent of all U.S. commercial pork production. These factors combined will result in less pork and likely firm market prices throughout 2011.

Taking a look at livestock, live equivalent prices of 51-52 percent lean hogs are forecast by the USDA to be \$62-\$65 per cwt this year, more than 15 percent above 2010 levels. **UB**

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Lofty lamb levels cause concern



By Bill Smith

Lamb is a highly seasonal item with peak usage typically at Easter, Thanksgiving and Christmas. It is not normally seen on the nightly dinner table of the average American family. According to the American Lamb Board, the average American consumes only one pound of lamb each year, compared to 61 pounds of beef, 59 pounds of chicken and 46 pounds of pork. They also state that nearly 20 percent of U.S. lamb consumption occurs during the spring holidays.

Lamb carcass prices climbed to record high levels as supplies of livestock were reportedly limited. The average carcass price for Q1 2011 was up roughly 41% compared to the prior year. April was up about 55%.

Increases on the boxed cuts were also prevalent as packers looked to recoup the cost of the more expensive carcasses. Premiums on the boxed cuts for the first quarter of 2011 ranged from 10 to 58 percent. Supplies of imports were also limited.

Shoulders, foreshanks and legs all had large increases, but on a percentage basis were minimal in comparison to the rest of the boxed complex. Premiums on the legs ranged from 15-35 percent higher. The average price for a trotter off leg in March 2009 was \$2.90/lb, March 2010 \$3.58/lb; and March 2011 \$4.25/lb. Some industry participants questioned how long this trend could continue.

“Lamb carcass prices climbed to record high levels as supplies of livestock were reportedly limited.”

Racks experienced the largest price increase so far this year. In fact, Q1 2011 depicted a price increase of 52.5 percent over Q1 2010. Tight domestic supplies and limited imports appear to be the main contributing factors in the higher price levels this year. Industry experts speculate that availability will remain tight for some time.

Going forward into 2011, participants are anticipating that both lamb carcass and boxed cut values will be well above both 2010 and the five-year seasonal averages. Both buyers and sellers alike seem to be preparing for higher price levels. Demand seems to be a major concern moving forward with an already tough economy; consumers could look to lower-priced proteins. Record high price levels, tight supplies and rough economic conditions are only a couple of the key issues the lamb industry will face moving forward. **UB**



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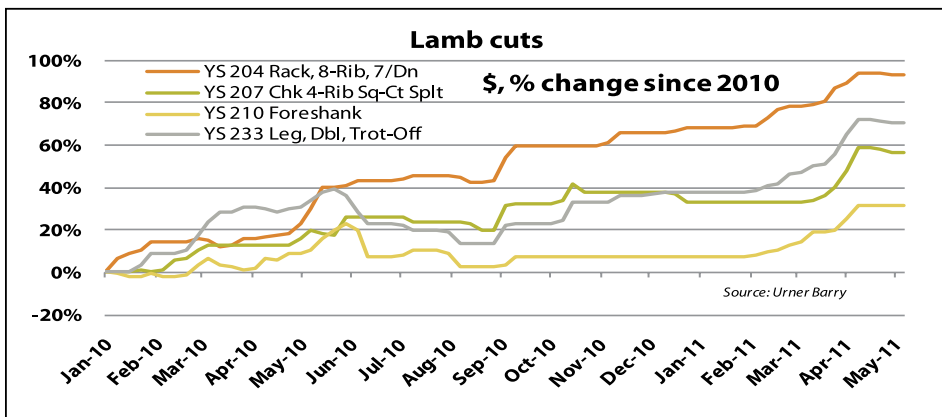
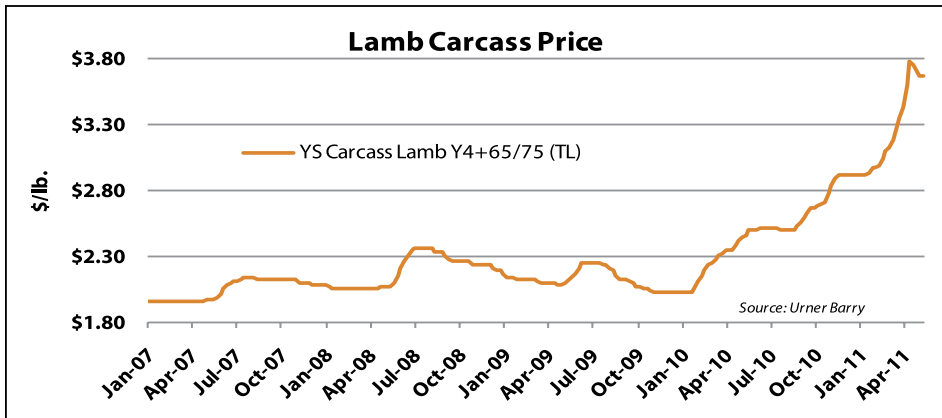
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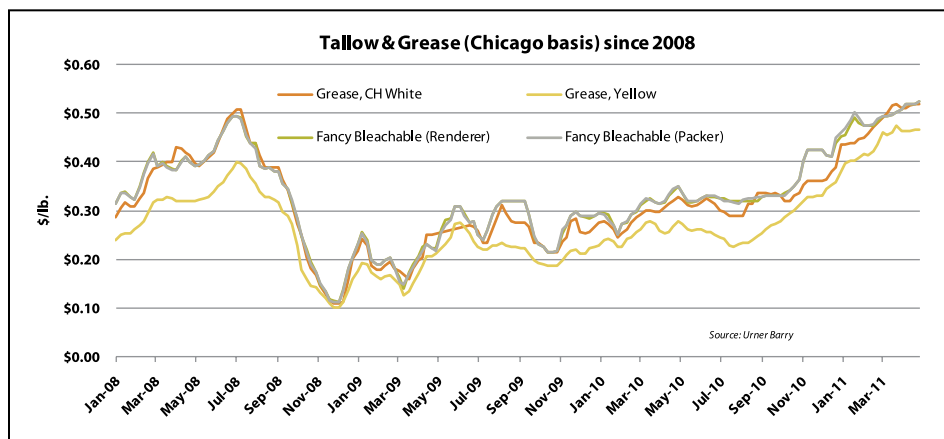
2008 do-over on fats? Nah!



Bill Hurley,
President Hurley Brokerage

From late 2007 through about August 2008 we saw incredible tallow and grease prices set new price highs almost weekly. The economy was churning, crude oil would hit \$140/bbl, soy oil would challenge 70 cents and Chicago BFT fell just short of setting a monthly average price of 50 cents/lb. during that mayhem. Beginning in August, and continuing for what seemed an endless period of time, we entered the financial meltdown that probably helped elect the current administration, and by late December BFT bottomed out at 11 1/4 cents /lb.


In October of last year in a speech at the AFOA I opined that we'd see prices higher than 40 Chicago on BFT if the biofuels tax credit was reinstated. The tax credit was reinstated, and as I type this report in early




March 2011, BFT is at 49 Chicago. Soy oil is now challenging 60 and crude oil has just crossed the \$100/bbl mark.

Most market pundits are convinced that this year will see the end of the tax credit. If that is true, it could turn out to be the most volatile year in trading history. Here's why:

Many of us are focusing on the 800 million gallon biofuels mandate for this year. But there may be 100-200 million gallons of carryover from last year eligible for the credit. Producers can also pull 200 million of next year's mandate forward to this year and still be in compliance. If it looks politically like the tax credit will expire, we may be looking at an attempt to produce 1.1 - 1.2 billion gallons or 37 - 50% higher than the actual 2011 mandate level.

Okay - so what happens in 2012 if the tax credit does expire? Do we crash? Probably not. RINS values are still over \$1/gallon making biofuels RINS worth \$1.50/gallon or higher (worth 1.5 times the ethanol base RIN value). Mandates remain in 2012 and going forward. World vegetable oil stocks to use ratios are tight. High prices (historically) are here to stay. We'll still see Fibonacci type retractions and recoveries, but we're not going to see an 80% of value freefall as we did in 2008/2009. 




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Chicken: input/output



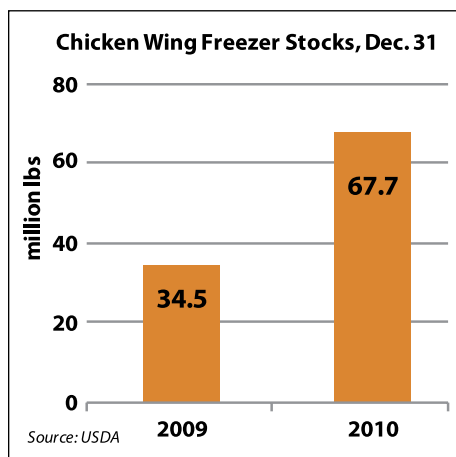
By James Serpico

When we last visited Urner Barry's chicken outlook, some of our closing remarks mentioned that "the continued effort to control production levels will be paramount to the success of the chicken industry." As the calendar year continued to unfold, almost the complete opposite took place.

From the beginning of April 2010, production, measured here in the chart below by the number of chicks placed, has remained well above those figures from the year prior. In fact, since that time, these numbers are about 2% advanced. The largest increases during this time were calculated anywhere from 4-7% during the summer of 2010.

...if input costs remain at their current lofty levels, managing production will continue to be a key factor.."

These elevations in production translated to added availability and, consequently, less stable market conditions overall. Backing this claim is the fact that, following the summer, the bulk of Urner Barry's chicken quotations, and the chicken index in general, began to steadily decline in value. The issue of input cost is compounding the matter further. In



particular, the cost of corn has put a heavy burden on production and the chicken markets in general.

Jumbo boneless/skinless breast meat declined sharply from its 2010 annual high of \$1.86/lb. at the end of August down to a low of \$1.18/lb. in late December. The overall chicken index moved lower by \$0.16/lb. in a similar time frame. And wing prices, which had a lackluster year overall, fell from their October quote of \$1.26/lb. to \$1.14/lb. to end the year.

The story on wings really deserves its own paragraph; these items, which hit record high prices earlier on in 2010, did nothing but stay flat or depreciate in value from that point forward. The big issue here is the fact that the buyers of wings were turned off by the high prices from the year prior. This resulted in elevated inventories

which, in turn, made for considerably troublesome market conditions. In fact, as recent as March 31, frozen wing inventories are 119% superior to those from 2009.

On the opposite end of the spectrum, fresh and frozen leg quarters and dark meat overall portrayed more solid undertones from around the beginning of July on. Assisting in this scenario was certainly the return of Russia's business, which these markets were without for the first half of 2010, but exports, in general, helped greatly as they took on a more active role. Here, these U.S. trading partners continue to benefit from a weak dollar.

Frozen leg quarters jumped from \$0.33/lb. at mid-year to their high of \$0.42/lb. in September and at the time of this writing, during a more historically active time of year, are priced at \$0.50/lb. Other items such as legs, drums and thighs have performed particularly well. Thighs, in fact, reached their all time high of \$0.66/lb. on April 14 of this year. Even thigh meat and leg meat have had steep price advances as of late.

Looking ahead, if input costs remain at their current lofty levels, managing production will continue to be a key factor. There is also the fact that beef and pork prices are still high for their prospective markets. This lends the opportunity for the further consumption of chicken at the consumer level. **UB**



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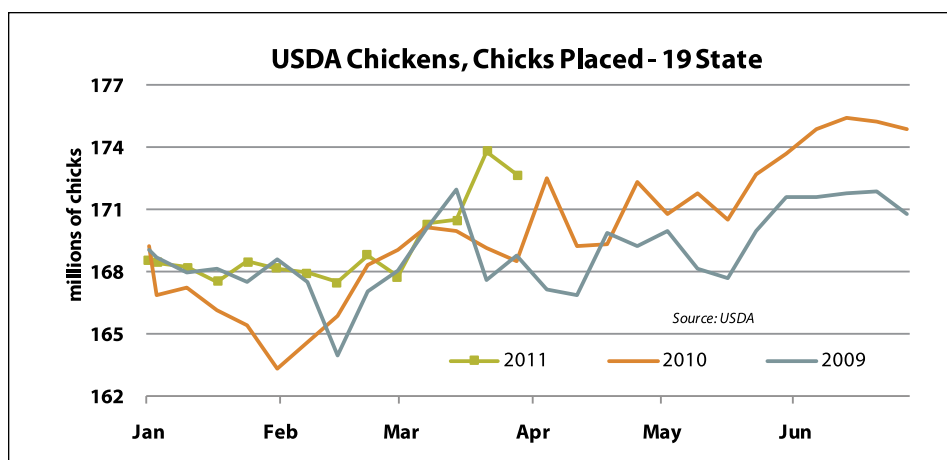
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Turkey: a process of elimination



By Russ Whitman

In April of 2010, the turkey industry was really beginning to feel the results of the production cutbacks which were initiated in late 2008, continued for the entirety of 2009 and were still in evidence midway through 2010. By eliminating excess slaughter and reducing it below the supply and demand balance point, regular industry requirements not only absorbed all the production but started to pull from frozen inventories. This served to erase the affects of high storage figures that were an unmistakable presence in the preceding

“Without doubt the greatest obstacle for turkey processors to hurdle is rising feed and fuel costs.”

two marketing years. So far in 2011 the elimination of over production and high freezer stocks is still heavily influencing strong market conditions and will continue to do so for the foreseeable future.

2010 wound down with slaughter figures on par to slightly below 2009. That year is remembered as the one when production was reduced a solid 10% from the over produced period 52 weeks prior. So the fact that 2010 maintained that major cutback was very notable and the effect it had on the turkey market is still being felt today.

Being able to maintain lower slaughter levels during the year, once again set up storage figures to be highly manageable. At the beginning of 2010, record low holdings set the stage for processors to market everything from breast and thigh meats to whole birds and parts at levels that broke first quarter records. It was the second year

in a row that they were able to take such an aggressive stance.

The market predictability that emerged in 2010 was easily identifiable in the first quarter of 2011. The high prices that were established on everything from whole birds and parts to meats and trims didn't experience the pressure typically associated with year-end markets. Record low storage holdings meant that sellers were under little pressure to clear inventories. Additionally, sky-rocketing feed costs were front and center when it came to input costs and processors had little option but to dig their heels in hard. Mirroring early 2010 but reflecting even more gumption, buyers started making the rounds questioning the availability and price of whole birds, parts and raw materials as early as December 2010. By January whole birds hit their low for the year and began working their way up by the third week of the month. 30 days later breast meat realized its winter low and it too turned the corner quickly—beginning its market ascent by early March. During this time market activity in the export arena continued to flourish and the relatively weak dollar positioned the turkey industry favorably for on-going opportunities in Mexico as well as overseas.

So far in 2011, a casual observer of the turkey industry would conclude that commodity values must be yielding significant returns to the producers. In most other years this would be true. But with corn costs starting 2011 just below \$6/bushel and currently at well above \$7, profit margins are not what they might be. Whole birds bottomed in early January at \$.91/lb., which was \$.14/lb. above 2010 when the low established at \$.77/lb. was a record high quotation. Buyers remembered the difficult time getting fully covered the prior year and, with all forecasts indicating that a strong market year going forward was imminent, purchases were made early and without much hesitation. Supplies of whole birds, now and for the foreseeable future, are limited. Looking ahead to the fall months, some players express real concern about fulfilling commitments in a timely manner. In 2010, forward

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negotiations for fall deliveries were running in the \$.90-\$.95/lb. range. At the time that price level seemed incredible; what's incredible though is that bookings for that same time frame this year are running in the incredibly strong \$1.10-\$1.15 range!

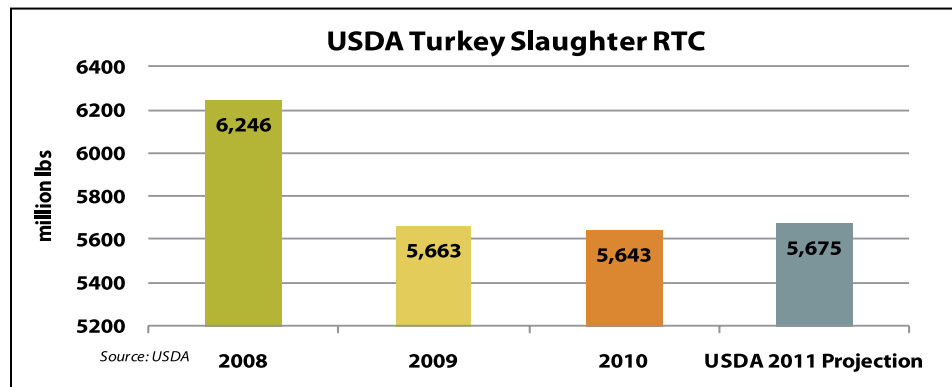
Similarly to the situation in which whole bird buyers found themselves, purchasers of breast meat entered the market early this year to find very limited frozen inventories and fresh product that was being held by highly confident sellers. Demand for finished goods has been very good. Apparently nobody told consumers that the economy wasn't conducive to spending part of the food budget on high-priced whole breast meat deli cuts. Flow through has been very good and supply channels never had the ability to get replenished despite attempts by finished good providers. Unlike most years, frozen inventories amounted to almost nothing. That put traditional frozen breast meat buyers on the street seeking fresh product as a substitute. Without frozen inventories and with fresh clearing with ease, price pressure was almost non-existent in the

winter months and that's still true now. Looking ahead, observers are anticipating a very high breast meat market based on existing demand patterns, limited freezer stocks and the fact that prices entered the year strong and have stayed there. This situation has not been reserved exclusively for breast meat. Tenders, breast trim, scapula and wing meat have each enjoyed the spotlight as, despite breast meat's remarkable status, the consumer is spending a portion of their food budget on proteins that are produced using lower cost ingredients. This has propelled prices for items such as breast trim to levels typically associated with breast meat. In a repeat of last year, the first half of 2011 has seen turkey parts and meats trading at or near all-time highs. Whole wings, two joints, drums, thigh meat, breast trim, scapula and wing meat are all turning in strong performances. Like with most items in the turkey complex, supply side dynamics and consistent demand are at root.

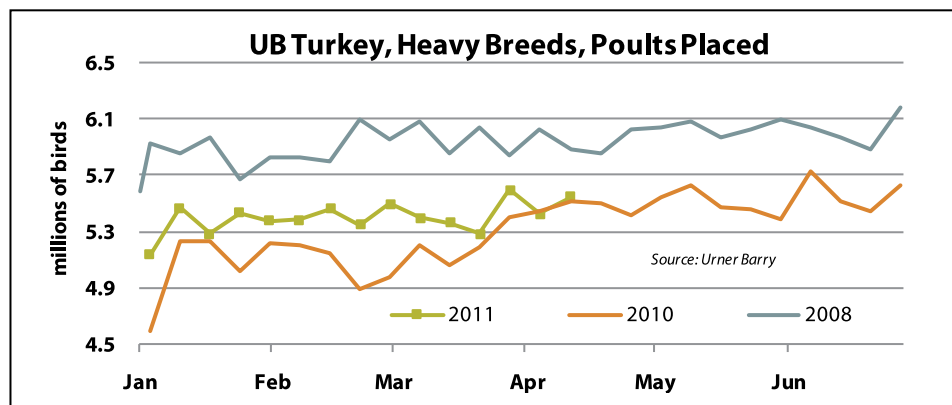
Looking at supply side economics we see a few distinct influences contributing to current conditions and which will likely

continue to weigh heavily on the market for the balance of 2011. Holdings through March were running 13% behind last year with the breast category down a solid 23%. Higher fourth quarter placements last year resulting from several catalysts, not the least of which was disease in young and breeder turkey flocks, have produced 2%-7% higher slaughter figures with this trend expected to continue up to about June or July. At that time, the moderation in placement advances will bring slaughter figures back to an acceptable and workable 2%-3% advance over 2010. Although there are other outside factors to consider, a few percent higher slaughter figure should be absorbed by the industry without any significant affect on commodity prices. An advance of 5%-8% would put weekly slaughter closer to the growth trend experienced during 2007-2008 which led to dismal market performance and excessive freezer stocks. With feed costs being propelled beyond early year expectations, incentive for any expansion beyond what's dictated by existing demand is unlikely. So overall, turkey industry marketing efforts should continue to benefit from supply side economics leaving buyers with considerably less purchasing power than in many previous years.

Without doubt the greatest obstacle for turkey processors to hurdle is rising feed and fuel costs. Despite commodity turkey values that are at or near record highs, profit margins aren't what they could be. For buyers the challenge will be to cover their needs at prices which are difficult to stomach and to do so without passing too much of the higher costs onto already strapped consumers. From a marketing standpoint the turkey industry seems to have found itself a nice niche between balanced if not tight supplies, and products that are in demand by international consumers. Pressures associated with the economy aren't lost on turkey industry players. But at the same time their ability to do much about it is limited. Here, time is best spent managing production and inventory. For the foreseeable future strong market prices are on the menu. While feed and fuel are playing a spoiler role when it comes to overall profitability, strong market values are expected to help offset some of their negative influences. **UB**



A modest increase in slaughter is being forecasted for 2011 and should be absorbed without any significant pressure on commodity turkey values.



Supply side economic conditions will likely continue to weigh heavily on the market and moderation in poult placements will be key.

Thriving in a Global Economy

This May Urner Barry hosted its 35th annual Executive Conference and Marketing Seminar at the Bellagio hotel and casino in Las Vegas, Nevada. The event, themed 'Thriving

in a Global Economy', ran May 1 - 3, and offered a spectacular line-up of intriguing speakers, informative joint sessions, lavish meals, a golf outing and much more! This year's happening was a huge success as industry participants gathered together for an educational, informative and entertaining venue; it was an Executive Conference unsurpassed by any other.

Always proud to host attendees from the egg, poultry and red meat industries, Urner Barry provided an exciting event line-up; Urner Barry's keynote speaker was Donnie Smith, president and chief executive officer of Tyson Foods, who spoke regarding the Changes, Challenges and Achievements of Today's Food Manufacturers. Mr. Smith addressed the impacts of higher feed costs, ethanol and how the U.S. government's policies will have a profound influence on supply and demand of protein, especially in regard to corn and ethanol.

Many other talented and informative speakers were also on hand discussing the volatile economic market, where it's been, where it's going, and challenges and plans for the future. Some of the featured speakers included Michael Casey, Dow Jones Newswires; Daniel Ikenson, Cato Institute; Elizabeth Hund, U.S. Bank; Mike Miller, Cattle-Fax; Mitch Kanter, Egg



Nutrition Center; Joel Coleman, Butterball, LLC; Jim Sumner, USAPEEC; and Todd Hale, The Nielsen Company.

Conference guests were also witness to

Urner Barry's most anticipated Person of the Year Dinner and Awards' ceremony. Dating back to 1986, this prestigious award honors individuals who have made outstanding life-long contributions to the poultry and egg industries.

This year's ceremony was held on Monday evening with the night's honors granted to two very special individuals. The poultry person of the year was awarded to Jack Tatem, Vice President, Wholesale/Industrial Sales Perdue Farms Incorporated. Jack is responsible for all bulk pack commodity and branded retail sales through independent distributive channels, as well as sales and marketing of MSC, ethnic specialty sales and commodity Industrial volume.

Meanwhile, this year's Egg Person of the Year Award was presented to Donald (Gary) West. A native born Californian from Stanislaus County, Gary worked at the Bank of California as a loan officer for 3 years prior to joining the family business, JS West & Company in 1965. He worked in various areas within the diversified set of businesses in the company and worked his way up the ladder

to become the 5th President. Recently, Gary handed off the reins to his cousin, Eric Benson and became Chairman of the Board. Additionally, Gary has actively participated in the egg industry and associations throughout his career, and has played an important role in the campaign to defeat Proposition 2. He continues to dedicate his time and energies to further the cause of all the egg industry, for the good of the egg industry.

Intriguing speakers, informative joint sessions, networking among peers as well as superior amenities, accommodations and fine dining all contributed to another successful event. **UB**



What? Us worry? The three amigos seen here (L to R) are J.B. Cochran of Boston Agrex, Protein Alliance's Jeff Stauffenecker, and Mike Briggs of Vilas and Company.



A beautiful evening in Las Vegas found Cagle's Dale and Melanie Tolbert, USAPEEC's Jim Sumner and Rick Huson of Ess Foods having a few laughs on Bellagio's Grand Patio.



Expanding global poultry exports one load at a time are (L to R) Butterball's Joel Coleman, USAPEEC's Jim Sumner and Mark Barret of Lamex Foods.



A little round table eggexchange between (L to R) Cal-Maine's Matt Arrowsmith, Eric Joiner of Dolphin Trading, Juergen Fuchs, Juergen Fuchs gmbh & co., Charles Joiner, Dolphin Trading, and Todd Hickerson of Prairie Star Farms.



JS West's Gary West was presented Urner Barry's Egg Person of the Year Award during the event's award ceremony. Seen here with Mr. West are (L to R) Urner Barry's Brian Moscogiuri, Rick Brown and Randy Pesciotta (far right).



Although not taken completely by surprise due to an accidental "slip" by a fellow industry person, Jack Tatum of Perdue Farms was ecstatic when he was named Poultry Person of the Year. On hand to present the award to Mr. Tatum were Urner Barry's James Serpico, (far left) Mike O'Shaughnessy and Russ Whitman.

Urner Barry isn't the only one stating the Executive Conference is a great venue, you are. Here's what others are saying...

... "It was so informative and professional."
—Rob Costner, Tyson Foods

"I found the conference to be very informative and a great way to strengthen ties within the poultry community. You did a great job putting the conference together. I will attend again."
—Tammy Vige, PacAgri Lehar Sales

... "Year after year, you and the entire staff at Urner Barry put on a great conference."
—Jim McClaskey, Randall Foods Inc.

"Best one ever!"
—Jim McGahee, Fieldale Farms

"I want to thank you and the Urner Barry staff for your normal outstanding job!"
—Steve Lash, El Pollo Loco

... "Glad I attended, overall an informative conference."
—Rudi Reiner, Ralcorp Frozen Bakery Products



The gang's all here! Sharing the camaraderie that helps make the Executive Conference such a great event are from left to right Ted Seger, Farbest Foods; Paul Harward, Norbest; Matthew Cook, Moroni Feed; Randy Witt, Bird-in-Hand Farms; Craig Williams, USDA; Ryan Downes, Farbest; and Bob Remmle, Carl Buddig and Company.



A bad day on the links is better than a good day in the office! Enjoying the day are (L to R) Jayson Penn, Pilgrim's Pride; Chris Brakebush, Brakebush Brothers; Hans Schmidt, Koch Foods; and Andy Harder, Linde, LLC.



Taking a break from the action are (L to R) Tyler and Rob Costner, Tyson Foods; Steve Nerrone, Fancy Foods; and Jim McGahee, Fieldale Farms.



Danny and Brandy Hales, H & H Trading, enjoying the night's festivities.



Keynote speaker, Tyson Foods' CEO Donnie Smith addresses the 2011 Executive Conference audience.



Wonderful weather and good company led to smiles all around for (L to R) Michele and Arron Heironimus, Rose Acre; Scott, Becky and Roger Seger, Wabash Valley; Urner Barry's Rick Brown; and Mickey Seger.

Making the rounds with *UB's Reporter*



Urner Barry's own "Ray" Porter was in Tucson for the National Turkey Federation's 2011 Annual Convention. Ray is seen here striking a pose with NTF's Executive Committee. Smile boys!

NATIONAL TURKEY FEDERATION ANNUAL CONVENTION

This past February, the *Reporter* took a much needed respite from a long cold winter at home by flying to sunny Tucson,

Arizona! The National Turkey Federation was in town for their Annual Convention and *Urner Barry's Reporter* was quick to take advantage of all the city had to offer. Held at the Loews Ventana Canyon Resort,

attendees acquired a good idea of what 2011 could hold in store for the industry thanks to outstanding presentations in the general sessions, well-attended committee meetings and great networking opportunities.

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Themed "Stampeding through Obstacles to a New Prosperity," the NTF staff designed the program to address the issues most critical to the turkey industry. Whether it was the economic outlook, the keynote presentations, the regulatory, marketing and technical committee meetings or the acceptance speech by newly elected Chairman Rick Huisinga, there was truly something for everyone. But it wasn't all business. During the event the *Reporter* enjoyed a jeep tour through the surrounding desert and took in all the stunning scenery that is unique to the Arizona wilderness.

Next year's event is scheduled to be held in Tampa, Florida and the *Reporter* hopes to see you there!

ANNUAL MEAT CONFERENCE

This past February the *Reporter* went on a road trip to the "Big D"—Dallas, Texas. The American Meat Institute and Food Marketing Institute were in town to hold the 2011 Annual Meat Conference at the Hyatt Regency Dallas, February 20-22.

A highlight of the yearly event is always the Annual Meat Conference's Product

Tasting Reception. This year 39 exhibitors participated and did not disappoint the crowd with their newest and innovative meat and poultry products.

The *Reporter* was captivated by keynote speaker, Temple Grandin, Ph.D. and her presentation "How Temple Grandin Changed the Way We View Livestock." Dr. Grandin is a world-famous animal scientist and autism self-advocate, also recognized in *Time Magazine's* "The 2010 TIME 100", an annual list of the 100 most influential people in the world! In 2010, an HBO movie about her won seven Emmy Awards.

Another very well attended session included Randy Blach, Executive V.P of CattleFax, speaking to the audience about the trends within the cattle and meat markets. Other "breakout" meetings focused on everything from social media and food safety to regulatory updates and modern meat production.

NATIONAL MEAT ASSOCIATION MEATXPO

**NATIONAL MEAT ASSOCIATION
MEATXPO'11**
SUPPLIERS' EXPOSITION & 65TH ANNUAL CONVENTION
February 13 - 16, 2011 • The Mirage Hotel, Las Vegas, NV

The National Meat Association held their biannual MeatXpo suppliers exposition this past February along with their convention at the Mirage in Las Vegas on February 13-16, 2011. *Umer Barry's Reporter* was on hand for all of the events and festivities. In addition to the value that attendees received from the NMA round tables, forums, sessions and the always favorite sausage fest, it's also a unique networking experience. NMA was co-located with the National Grocers Association which gave attendees and exhibitors the ability to meet potential new customers, new suppliers and new as well old industry contacts they may not have seen in awhile.

MIDWEST POULTRY FEDERATION CONVENTION

This past March *Umer Barry's Reporter* headed north to St. Paul, Minnesota to help the Midwest Poultry Federation celebrate its 40th Annual Convention! Held March 16 and 17, the Saint Paul

RiverCentre on the mighty Mississippi River provided an excellent forum for exhibitors and attendees alike. In addition

Continues, Eric Greitens, and this year's Keynote Speaker, Dr. Elisabeth Hagen, Under Secretary for Food Safety, USDA.



Keeping a close watch on things is RiverCentre's perennial security team member, Ted Thomas, who made the rounds with 'Umer Barry's Reporter.'

to the sold-out booth space which anchors the two day show, a host of symposiums and workshops, along with a welcoming reception, fellowship breakfast and Howard Hemler's Omelet Demo and Lunch helped make the visit especially memorable. When not on the show floor, the *Reporter* could be found greeting subscribers and making the hospitality suite rounds at the one of the convention's headquarter hotels, the Crowne Plaza Riverfront.

The 2012 event has been scheduled for March 14-15 and the *Reporter* will be in attendance. See you at "The Midwest" next year!

2011 MEAT INDUSTRY MANAGEMENT CONFERENCE

Held at the Drake Hotel in Chicago, IL, the 2011 Meat Industry Management Conference was presented by the North American Meat Processors Association (NAMP) March 18-20. More than 20 presenters provided a great deal of insight. Topics of discussion included food safety, problem solving with issues, answers, and actions, a foodservice outlook, and an outlook on the North American raw materials industry. Featured speakers included Navy Seal, former White House Fellow, and Founder of The Mission

Prior to the event, NAMP hosted a mini-conference on E. coli, Validation & Emerging Issues. Presenters covered topics such as understanding and addressing non-0157STECs, the significance of multi-drug resistant (MDR) salmonella, validating controls in Beef Safety Systems, and FSIS perspective on pathogens of concern in beef.

Highlights of the conference included a beef cutting demonstration by Bridget Wasser, Director,

Product Enhancement Research, National Cattlemen's Beef Association, who identified six new cuts in the round from the Beef Checkoff research. The NAMP Showcase Reception featured exhibits by regular and associate members displaying some of their most recent and innovative products to come into the marketplace. Attendees sampled flavorful food items from the regular members while browsing the products & services offered by the associate members.

Dr. Davey Griffin of Texas A&M was honored during an awards luncheon at which point he was presented with the Harry L. Rudnick Educator of the Year Award by NAMP President, Bobby Hattoff and Ann Wells, Director of Scientific Affairs. The Gavel Award was passed from Chairman, Gary Malenke to incoming President, Bobby Hattoff, and, outgoing board member Jeff Jobe received an award for his service to NAMP.

Wrapping up the conference, NAMP and Umer Barry hosted a Beer & Pretzel Reception to launch the newly published English-Spanish edition of the *Meat Buyer's Guide*. This was the perfect ending to what was a well-attended, highly educational event. **UB**

Chicken of the sea?

Contributed by John Connelly,
President, National Fisheries Institute

The fight over importation from Vietnam of a little-known species of fish called *pangasius*, commercially known as Swai, could have a ripple effect on other proteins if the expected trade war that could erupt takes shape.

While domestic catfish producers lobby hard to exclude *pangasius* from the U.S. market with a fake food safety scare designed to place regulatory hurdles in front of the imports, other proteins are taking note of the campaign that would see them in the middle of a trade war they want nothing to do with.

Folks in the beef industry have long been aware that they might end up as collateral damage in any such fight. Senator Max Baucus has spoken out about the issue

noting that, "U.S. agricultural products, including safe, high-quality Montana beef, face unscientific trade restrictions in many important markets. If we expect other countries to follow the rules and drop these restrictions, it is critical that we play by the rules and do not block imports for arbitrary or unscientific reasons."

But it's more than just beef that could pay the price. Chicken and eggs are slowly becoming part of the issue and it's a convoluted equation at best.

So what is really up for grabs? Vietnam's ambassador to the U.S. telegraphed his country's intentions with a letter to targeted congressional offices in which he wrote that excluding *pangasius* from the U.S. market over a fake food safety



scare, wrapped in almost unveiled protectionist regulations would, "significantly impact the bilateral relations between Vietnam and the United States, and put into questions the U.S.'s WTO commitments."

In 2010 the U.S. exported more than 87,000 tons of chicken meat to Vietnam at a value of nearly \$85 million. That represents a 63 percent increase in volume over '09 and a 72 percent increase in value over '09—the virtual definition of a growth market. Chicken reluctantly joins beef on a list of proteins that could be swept into the type of retaliatory trade restrictions feared by Senator Baucus.

But wait... there's more.

Cost-cutting budget hawks on the Hill have targeted the special interest catfish agenda as something they'd like to see on the chopping block. In introducing legislation to repeal the catfish effort Senator John McCain called it, "nothing more than a protectionist tactic funded at taxpayers' expense."

And what exactly would the catfish lobby's effort fund? Well, that brings us to eggs. The proposed USDA office of catfish inspection would cost \$30 million to get up and running and would start out employing 92 regulators. USDA is also in charge of regulating about 30% of the eggs Americans eat (processed, pasteurized etc.) As part of that regulatory mandate the USDA employs 95 inspectors.

Americans eat catfish on average 3 times a year. Americans eat processed eggs on average 78 times a year. But they would have the same number of federal regulators overseeing each product. Ludicrous by any cost/benefit calculation.

Whether it's a clear illustration of blatant regulatory overkill or the very real threat of losing a growth market, chicken will undoubtedly be yet another unintended victim of this scorched earth, special interest campaign. **UB**



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Merchandising programs build beef demand

Larger carcass sizes and consumers' increasing interest in portion control prompted the checkoff-funded research team at the National Cattlemen's Beef Association to develop methods to further fabricate middle meat subprimals to create small filets and roasts. Additionally, consumer research was conducted to evaluate the potential application of these newly developed cuts, and moreover, consumers demonstrated considerable purchase interest in them! While the new cuts should not replace traditional steak options, they do represent a marketing opportunity and variety in the meat case for more health-conscious consumers seeking to reduce their portion size or reduce fat intake.

Supported by America's cattle farmers and ranchers, the Beef Alternative Merchandising (BAM) program was set in place to build demand for beef. By providing options for a healthy everyday meal when shopping for beef and appealing to more health-conscious consumers seeking to reduce their portion size or fat intake, the BAM program clearly offers increased meat selection and variety, which will naturally appeal to a larger group of consumers.

According to research, early focus groups found that portions have benefits to consumers, like convenience and enhanced nutrition, and retailers like that the BAM program can help keep unit prices acceptable and offer portions at a thickness that provides a more optimal eating experience.

Additionally, BAM has allowed retailers to increase profits by acting on the tips suggested through the customer surveys such as showcasing new cuts as a "collection," including recipes and cooking tips, and adding seasoning packets in the packages. Moreover, by bringing the BAM program into stores, their meat departments have been instructed on how to cut the top loin, ribeye and sirloin subprimals into smaller, more appealing portions.

Another merchandising effort geared toward evolving consumer purchasing behaviors is



the "Slice 'n Save" program. This has provided consumers with the knowledge they need to purchase the boneless middle meat subprimals (including the beef ribeye steak, beef top loin steak, beef loin tenderloin steak and beef loin top sirloin steak), and cut the meat at home into steaks and roasts. The goal of this program is to give consumers the know-how to purchase tender and delicious middle meat cuts at a lower price per pound, take them home and cut them into steaks and roasts of an appropriate size for them.

Another effort is the Bargain Beef Bundles program which offers consumers savings when purchasing multiple packages of different cuts of beef in bulk. Consumers can purchase a variety of beef items suitable for all types of meals and all different budgets. The checkoff-funded retail marketing program has even created some examples of popular bundles for retailers to use, or they can create their own item mixes. The Confident Cooking with Beef brochure is a great item to



*Top row (l-r):
Grilled Top Sirloin Filets with Smoky Orange Sauce
Spicy Grilled Ribeye Cap with Avocado-Mango Salad
Skillet Steaks with Sautéed Wild Mushrooms
Bottom row (l-r)
Chimichurri-Marinated Top Loin Filets
Lemon-Pepper Seasoned Ribeye Filets with Roasted Tomatoes*

include with bundles because it provides helpful tips and cooking times for most beef cuts. Printed brochures are available through the Beef Merchandising Resource at <https://store.beef.org/>

With the economic challenges facing consumers in today's market, it is no doubt that they are interested in finding solutions to help meet their needs. Beef checkoff-funded merchandising programs implemented by retailers are meeting consumers' needs to find cost-effective ways of dealing with higher food and energy prices. These new programs are just some of the ways the beef checkoff is helping to keep unit prices acceptable and offer portions that provide quality eating experiences. **UB**

Setting up beef flavor

By Miranda Reiman
Certified Angus Beef

Marbling is a big variable in beef. That's because it's not easy or automatic to develop those flecks of flavor. The score is affected by cattle genetics, feed, health, stress—even the weather—and across a span of more than a year.

It starts with cow nutrition in the final trimester. In a Nebraska trial, calves from cows given extra protein at that time later graded 39% premium Choice, compared to 21% for other calves.

Given a healthy start, research shows early introduction to grain turns on cellular switches for marbling. Calves can digest protein, lactate and starch by just one month of age, says KC Olson, Kansas State University (K-State) animal scientist.

Yet most don't get access to such feed until at least seven months later, after weaning.

As ruminants, cattle have a four-compartment digestive system, Olson says, but stomach development is a "self-fulfilling prophecy, with no set timeline." The rumen develops in response to the feed consumed, and marbling is best developed when calves are weaned and continue growing on a grain-based diet.

"If we want a calf to deposit marbling, we need to have him gain more than his maximum for just protein or muscle," Illinois animal scientist Dan Faulkner says.

"You can certainly lose that advantage if they go back to a low rate of gain on grass..."

His diet must deliver higher levels of energy, targeting a daily gain of nearly 2.5 pounds.

Earlier weaning at, say, four months, allows calves more days on that high-starch diet. "They're set up for maximum propionate throughout their lives," says Francis Fluharty, at The Ohio State University. Propionate is a rumen end-product that leads to more marbling.

After that high-grain start, there are options; diets without any corn can still produce high-marbling beef—with careful management.

"You can certainly lose that advantage if they go back to a low rate of gain on grass," Faulkner says.

Feed is always the biggest cost item, and it can produce some of the greatest

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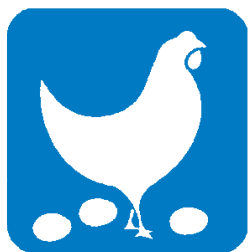
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variability in quality. Prior to the rise of an ethanol industry, distillers' grains were not common feedstuffs. Today they're routinely included in cattle finishing diets at levels that can boost beef quality grades, as long as they don't exceed about one-third of the ration.

Partly because of so much non-feed demand for corn, the cost of gain is more than double its recent historical average, so research will continue to look at alternatives to grain. Fortunately for beef consumers, scientists always look at the impact on marbling.

They know beef demand is on the line. **UB**



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Tempting your taste buds in Tahoe

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By Jim Buffum

Dining in Lake Tahoe requires taking a few things into consideration. On weekends and in high season, expect a long wait in the more popular restaurants. Anticipate paying resort prices almost everywhere. Remember, restaurants see

business only six out of 12 months. During the “shoulder seasons” (April to May and September to November)

some places may close temporarily or limit their hours, so call ahead. Also, check local papers for deals and discounts during these months, especially two-for-one coupons. Remember, many casinos use their restaurants to attract gamblers. Marquees often tout “\$8.99 prime rib dinners” or “\$1.99 breakfast specials.”

Beware, some of these meals are downright lousy and they are usually available only in coffee shops and buffets, but at those prices, it’s hard to complain. The finer casino-based restaurants deliver pricier food,

as well as reasonable service and a bit of atmosphere. Unless otherwise noted, even the most expensive area restaurants welcome customers in casual clothes.

Now, let’s take a closer look at some of Lake Tahoe’s best eateries...

With its spectacular setting, the Manzanita resort in Lake Tahoe provides a stunning backdrop to every dining option. Manzanita, the resort’s signature restaurant by renowned San Francisco chef Traci Des Jardins features her signature French-inspired California cuisine with mountain resort influences.

For a sampling of fare from our neighbors to the South, be sure to try Lake Tahoe’s La Sierra Taqueria. La Sierra invites you to enjoy their unique and authentic Mexican food and specializes in El Pastor and Barbacoa styles of Mexican cuisine.

No trip to Lake Tahoe would be complete without popping into Sammy Hagar’s Cabo Wabo Cantina. This popular hotspot offers a variety of appetizers and delectable, authentic entrées such as fish tacos, chicken

tamales and fajitas. Complete your visit to the Red Rocker’s cantina by sampling one of the many specialty drinks made with Sammy’s signature Cabo Wabo Tequila.

A stay in Lake Tahoe without a stop at the Cottonwood restaurant would surely leave any visitor unfulfilled. This historically significant establishment has been a fixture of Truckee’s vibrant dining scene for 22 years, and was voted North Lake Tahoe’s “Best Restaurant” for the past three. Housed in a historical ski lodge that was constructed in 1928 as a warming hut for the town of Truckee’s ski and toboggan hill, the restaurant is a virtual museum of historic photos and artifacts.

The Lake Tahoe area is by far one of the most beautiful regions in the country. The casinos offer some outstanding dining experiences, as well as breathtaking views of Lake Tahoe. Although it certainly adds to the experience, exploring some of the excellent restaurants that Lake Tahoe has to offer isn’t even necessary for enjoying the area; the lake, the golf, the skiing, and simply just walking around offer awesome opportunities for all visitors to enjoy. **LB**

60 Seconds with... JOEL COLEMAN

**Vice President, GM International Sales, Butterball, LLC /
2011 USA Poultry & Egg Export Council Chairman**

Hired in February of 1987 by Mount Olive, North Carolina-based Carolina Turkeys, Joel Coleman is no stranger to the industry and is well-recognized as a veteran. Since his early days in the turkey business, Coleman has experienced big changes in his life. During 24 Years with Carolina Turkeys/Butterball, LLC, he has held numerous positions including manager trainee, production scheduler, Quality Assurance technician, Deli marketing director and export sales manager. With the acquisition of Butterball in 2006, Coleman was made Vice President/General Manager International Sales and his already busy schedule was thrown into high gear. On top of his responsibilities with Butterball, he is serving as 2011 Chairman of the USA Poultry & Egg Export Council. *Urnner Barry's Reporter* caught up with Coleman for a quick question and answer session and he shared his vision of what lies in store for poultry exports and the international poultry business.

URNER BARRY'S REPORTER: Thanks for taking the time to spend with us. So what's the latest with Joel Coleman? You recently returned from the USAPEEC International Marketing and Strategic Planning Conference in Singapore. What was that like, especially given the tragic events in Japan?

JOEL COLEMAN: I've been busy balancing myself between the responsibilities I have with Butterball and those associated with the chairmanship post of USAPEEC. The Marketing and Strategic Planning Conference in Singapore was fantastic and a great learning experience. The USA Poultry and Egg industry is extremely fortunate to have Jim (Sumner) and his great staff who promote and develop



Joel Coleman Vice President,
GM International Sales,
Butterball, LLC / 2011 USA
Poultry & Egg Export Council
Chairman

our products around the world—they are all incredible at the work they do and the passion that they bring to their job functions on our behalf. As for the tragic events in Japan from the March 11 earthquake and tsunami—I say on behalf of the entire poultry and egg industry that our thoughts and prayers are with the great people of Japan during this very traumatic time for their country.

UBR: As USAPEEC Chairman what goals have you set for yourself and the council during your term?

JC: One of the most important annual goals for USAPEEC and the poultry industry is to constantly work towards freer access to world markets for U.S. poultry and eggs and to ensure that current markets remain open to those products. This goal is especially important in light of ongoing current trade issues in three of our biggest markets—Russia, China and Mexico. It is times like this when USAPEEC's role becomes even more important for not only maintaining our existing markets but to also seek out new market opportunities in other parts of the world. Another major focus for the council this year is to continue to educate the trade, media and consumers worldwide of the availability, versatility, economic value and wholesomeness of USA poultry and egg products.

UBR: Back at home, the role of international sales at Butterball, LLC has never been greater. As an integral part of the global poultry business, what challenges do you face on a daily basis in helping make the Butterball label an international household name?



JC: Our biggest two challenges are probably economics and distribution. We, Butterball and the poultry industry, have to make sure we are producing products that international consumers can afford and want to purchase; especially in today's economic time of staggering fuel and food costs. We must all remember that when consumers are forced to use a larger percentage of their daily, weekly or annual income to purchase food—everyone will be affected by that. The distribution of our products to and within international markets also remains a huge challenge for our company and industry. Butterball continues to look for ways to make sure we can provide international customers with the types of turkey products that they desire and with which they are familiar.

UBR: Looking ahead to the balance of 2011 and beyond, what are the biggest export hurdles facing Butterball and the turkey industry in general?

JC: International demand for turkey and various turkey products is at an all time high; in fact, the demand has been extremely high for the past four to five years. One of our biggest concerns is that our industry had to make cutbacks in production because of the exceedingly high costs of fuel and grain. Due to these cutbacks, which had to be taken in order to survive these high-cost times, we simply do not have enough supply to meet some of the demands from the international market. Another hurdle that our industry will face is global food prices; the rising costs of food around the globe will continue to create turmoil, political unrest and force many people into a further state of poverty. Hopefully, as an industry, our costs will come back in line or at least we can expect and plan for them at certain levels which will allow us to raise and produce more turkeys to feed the domestic and international markets going forward. **UB**



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Egypt: more than pyramids and monuments

Occupying the North East corner of the African continent, Egypt is bisected by the abundantly fertile Nile Valley where most economic activity takes place. The regularity and richness of the annual Nile River flood, along with the semi-isolation provided by deserts to the east and the west developed one of the world's greatest civilizations. Egypt has a rapidly growing population, one of the largest in the Arab world.

During the turn of the new millennium, privatization and new business legislations helped Egypt move towards a more market-oriented economy. This prompted an increase in foreign investment. Even with this change in Egypt's economy most Egyptians' living conditions still remain poor.

Agriculture remains one of Egypt's most important sectors and continues to achieve

steady growth rates of 3-4% a year. It contributes roughly 16% of the GDP. Agriculture is restricted to the Nile Valley and Delta, which is only 2.4% of the country's land mass. The western part of the country is mainly desert, also known as the Devil's Gardens.

Beef is the preferred type of meat in Egypt. Local production of cattle covers the bulk of domestic demand with only about 20% of consumption met through imports. Egypt is the United States' eighth largest market for exports. The bulk of U.S. beef exports to Egypt are beef variety meats, particularly beef liver which is a cheap source of protein.

Due to the recent chaos of the transition of power in Egypt, economic activity has been greatly hindered. Banks were running out of money and they were in constant fear of having to shut down. Egypt's economy was almost on the brink of paralysis. The economy in Egypt is steadily returning back to normal, but the future of this growing country is still uncertain. **UB**

Egypt / U.S. comparison



| | | |
|------------------------------|----------------------------------|---|
| AREA | 1,001,450 sq km | 9,826,675 sq km |
| COASTLINE | 2,450 km | 19,924 km |
| POPULATION | 82,079,636 | 313,232,044 |
| LIFE EXPECTANCY | 72.66 years | 78.37 years |
| GDP | \$500.9 billion | \$14.72 trillion |
| GDP (per capita) | \$6,200 | \$47,400 |
| AGRICULTURE AS A %GDP | 13.5% | 1.2% |
| AGRICULTURAL PRODUCTS | cotton, rice, corn, wheat, beans | wheat, corn, beef, pork, fish poultry, dairy products |
| LABOR FORCE | 26.1 million | 154.9 million |
| UNEMPLOYMENT RATE | 9.7% | 9.7% |
| OIL PRODUCTION / CONSUMPTION | 680,500 / 683,000 (bbl/day) | 9.056 / 18.69 (million bbl/day) |

Chicken feather plastic looks to take flight

Researchers announced they are looking to make a biodegradable plastic using chicken feathers. With the billions of pounds of waste made each year and from feathers, a team from the University of Nebraska-Lincoln sought to use their chemical properties to produce a durable biodegradable thermoplastic product more environmentally friendly, and lighter than regular plastic. While this particular source material has been tried only semi-successfully in the past, the researchers claim that this time, the chicken feather plastic should take flight.

The study, reported at the American Chemical Society meeting in the U.S. led by Dr Yiqi Yang of the University of Nebraska-Lincoln, claims to have developed a technique using the keratin in feathers to develop a more environment-friendly, lighter plastic, known as thermoplastic. Yang explained that chicken feathers are ideal for use in bioplastics, as they are both plentiful and inexpensive. Thermoplastic film made from keratin is said to have excellent mechanical properties, exhibiting better strength and tear-resistance than plastics made from other biological sources such as modified starch or plant proteins.

Thermoplastics are one of two major groups of plastics, which include nylon, polyethylene, polystyrene and polyvinyl chloride. They need heat or chemicals to harden from a liquid into a solid shape, can be melted and remolded, and are used in a wide range of consumer and industrial products. Most are made from hydrocarbons—ingredients obtained from oil or natural gas which pose problems for sustainability and being ecofriendly.

Dr Yang says others have tried to develop thermoplastics from feathers but that so far none of them perform well when wet. He said that the chicken feather derived plastics had good water resistance.

"Others have tried to develop thermoplastics from feathers," said Yang. "Using this technique, we believe we're the first to demonstrate that we can make chicken-feather-based thermoplastics stable

in water while still maintaining strong mechanical properties."

How soon we see chicken feather plastics on the market depends on the industry becoming interested and investing in the process, Dr Yang says, but he sees a wide

range of possible applications for the product.

"Furniture construction, films, fibers or even fast-food containers, if people don't think of feathers when they get their food in it," he said. **U**

"... we can make chicken-feather-based thermoplastics stable in water while still maintaining strong mechanical properties."

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From the recipe box...



Poultry appendage proves popular provision

Chicken wings have become as iconic as hamburgers, hot dogs and apple pie. Most commonly prepared as Buffalo wings, or hot wings, the chicken wing and its many variations has become one of the most popular appetizers around the country. While the original recipe for Buffalo wings consists of a signature hot sauce made from cayenne pepper sauce, white vinegar, butter, salt, and garlic, there are many variations on the dish which has erupted into numerous styles and cooking methodologies of the chicken wing. Weather you bread, bake, Buffalo, fry or barbeque, this preferred poultry appendage has surely placed as itself as one of the most popular provisions. **UB**

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REPORTER'S SALT AND VINEGAR CHICKEN WINGS

INGREDIENTS:

- 1 – 4 lb Bag of Frozen Chicken Wings
- 1 Cup Vegetable Oil
- 2 Cups Cider Vinegar
- 1 Egg, Lightly Beaten
- 3 Teaspoons Salt
- 1 Teaspoon Poultry Seasoning
- Black Pepper

DIRECTIONS:

Preheat oven to 350 degrees. In a large bowl or re-sealable zipper storage bag, mix oil, vinegar, egg, salt, poultry seasoning and black pepper. Reserve a small amount of the liquid to be used later for basting. Place the wings in the remaining mixture. Cover and marinate in the refrigerator one to three hours.

Spray an oven-safe cooling rack with non-stick cooking spray. Place the rack on a cookie sheet. Arrange the marinated wings evenly spaced, but not touching on the sheet. Bake 45 minutes, basting after 30 minutes with reserved marinade. Continue baking until wings are no longer pink and juices run clear. Chicken skin will be crisp.

Serve with celery and carrot sticks and blue cheese dressing with added pieces of fresh blue cheese.

Enjoy!

Eastern Poultry

Continued from page 1

enabled Eastern to add production as a resource and begin supplying itself with some of its own chicken. Eastern's success grew during its coalition with Webster, but in 1970 John decided to risk taking one step backward in order to move two steps forward. He sold his shares back to Webster, but that same year John brought his entrepreneurial son, Tom on board at Eastern. Hungry to expand the business, Tom became a valuable catalyst for growth. In 1981, one year after taking over for his father as head of the company, Tom Rueger opened a deboning and processing facility in Cochranville, PA, which he called Brandywine Foods. Brandywine quickly progressed from the portion-controlled, boneless breasts to breaded tenders and party wings. As Brandywine grew, so did Eastern.

By the late 1980s, Eastern's sales staff had grown from two to eight. In 1991, a year after opening a new plant in Cleveland, MS, Tom sold Brandywine Foods, its staff of 900 and its \$100 million in annual sales to chicken giant Tyson Foods. The sale proved beneficial to Eastern, providing seed money for even more expansion.

The company John Rueger established in 1954 currently generates \$225 million in annual sales and has 17 salespeople on its side. What's more, Eastern no longer deals only in chicken. With all the dedication John gave the company from the start, Eastern's staff provides customers with almost any protein item they desire—rabbit included! Attention to customer's needs and a commitment to fulfill them has consistently defined Eastern Poultry Distributors and is surely responsible for a great deal of its success.

Eastern's relationship with its customers goes beyond providing a wide variety of meat. The company's salespeople offer customers valuable market insight and distribution expertise. If a customer is buying turkey, Eastern salespeople make sure that customer understands turkey. And once the product has been purchased,

Eastern's dedicated logistics department babysits that order until it arrives on the customer's dock.

The company not only fosters positive customer relationships, it also takes care of its own. While the tenure of the average individual salesperson at most companies is brief

and inspires little loyalty, that of the average Eastern salesperson is over 15 years. What explains why Eastern employees stay for as long as they do? Quite simply, they love their jobs.

The National Poultry & Food Distributors Association recently honored Tom Rueger with a Lifetime Achievement Award. Tom, the aggressive businessman who sparked Eastern's progress when he joined



Tom Rueger

his father's company in 1970, was rewarded for his dedication to Eastern Poultry Distributors, his vision for it and the product of that vision—a bigger, stronger company that has maintained the integrity with which it was founded for more than half a century ago.

Thanks to its core values and positive policies, Eastern Poultry Distributors has

prospered and grown during its 57 years of existence. And it isn't done yet. Only a few years ago, Eastern launched Paradise Kitchens, its own brand of processed chicken. In true Eastern fashion, Paradise Kitchens doesn't make just one product—it sells breaded tenders, hot wings, boneless wings and filets. Based on the performance of its founding company, Paradise Kitchens customers can count on having their needs met with the same attention to quality and passion for service that made this branch of the business possible in the first place. **UB**

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Trident Seafoods

Continued from page 1

freshest and healthiest fish possible, but to help maintain the resource's long-term survival by staying well within catch limits.

NETTING SUCCESS

Trident Seafoods started with one boat, says founder and chairman Chuck Bundrant. Preceding the boat was a dream, one that Bundrant turned into a successful privately held and 100 percent American-owned seafood harvesting and processing company. While Trident processes fish from around the world, the company focuses on wild products from Alaska, including salmon, pollock, crab, halibut and cod.

Bundrant is modest about his success. "I've been blessed to be at the right spot at the right time with the right people."

In the fall of 1960, Bundrant was taking classes on a pre-veterinary track and working 40 hours a week. It was difficult to stay on top of both. The teen found inspiration in the film *North to Alaska*, and he and three friends set out from Tennessee on their own trek in January 1961. Bundrant laughs that "about the time we got to Seattle, my friends were ready to go back home,"

Bundrant stuck it out, making \$1.47 an hour working on a processing ship in Alaska's Aleutian Islands. He says the first few years were really tough, but he worked his way up from deckhand to captain and scraped together the funds to buy his own crab boat in 1965.

He built a second crab boat in 1967, but sold it two years later and headed back to



Chuck and Joe Bundrant

Tennessee, where he considered becoming a farmer. But Alaska had gotten ahold of him, and three months later he returned, taking a job with Vita Food, a crab-processing business.

While working on a floating processor for Vita Food, Bundrant began to toy with the idea of catching and processing crab on the one vessel. At that time the combination was unheard of: Catching boats needed maneuverability, while processors needed space to handle and freeze the crab.

Ignoring the refrain of "it can't be done," Bundrant, along with his partners, Mike Jacobson and Kaare Ness, proved in 1973 that it could. Bundrant created a layout and had a naval architect draft the plans.

He called the resulting catcher-processor the *Billikin*, after a Native American good-luck symbol. "That was the beginning of Trident Seafoods," says Bundrant. "The boat was an instant success."

The advantages of being able to catch and process at sea meant the *Billikin* could go to the most abundant areas and then process and freeze the crabmeat without heading back to shore.

As for Trident's success, Bundrant points to investing his profits back into the business and the decision around 1977 to diversify. It was what he calls "a three-legged stool" approach—fishing for crab, salmon and bottom fish.

Trident has grown to boast a fleet of more than 40 vessels, and through various mergers and acquisitions—and forging a relationship with Costco in 2000—its shore-based

presence has expanded to include 16 plants located throughout Alaska and the Pacific Northwest, plus one plant in Minnesota.

"The goal has always been to grow at a rate we could manage," says Bundrant.

QUALITY

From the beginning, Trident has taken pride in maintaining quality "from the source to the plate." It's a motto Bundrant is more than ready to back up.

"Quality control starts on the boats," he says. "We've incorporated checks and balances all the way."

The process starts with fishing the right varieties at the right time. Once caught, fish must pass through several stages of quality control, including everything from temperature monitoring to being x-rayed for bones. Everything is carefully weighed to make sure the weights are honest and accurate.

Trident employs a team of chefs and food scientists to create products that taste just as great at home as they do in the test kitchen at the company's Seattle-based Innovation Center. Projects in the works include making their salmon burgers all natural, kosher and gluten free, and creating fish portions that won't turn rubbery in the microwave.

"Our customers are the ultimate quality-control monitors," says John van Amerongen, Trident's chief sustainability officer. "They tell us how we're doing and we pay very serious attention to all of their feedback. If you e-mail the address on our Ultimate Fish Sticks, chucksfishsticks@



Packing Alaska Cod at Trident's Akutan, Alaska, plant.

tridentseafoods.com, [Chuck Bundrant] will personally read [the] e-mail. Clearly it's very important to everyone here that the big boss gets positive feedback."

SUSTAINABILITY

Trident's quality-control measures go hand in hand with their efforts to address sustainability. The company works closely with the North Pacific Fishery Management Council, which regulates

groundfish management, and the Marine Stewardship Council, which promotes worldwide sustainable fishing practices.

"The key is matching input to output," explains van Amerongen. "Alaska has individual vessel quota management systems for pollock, king and snow crab, halibut and sablefish. Ending 'the race for fish' lets us concentrate full-time on product quality."

Another aspect of Trident's sustainability efforts is a commitment to using all parts of the fish. "Aside from the obvious products, Trident also makes fish oil and fish meal, and raw materials and byproducts are used in pet treats and fertilizer," explains Bundrant. "[Sustainability] is a long-term investment, and it's the right thing to do." He adds, "None of it's worth anything if there aren't any fish." **UB**

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