



Marketing Update



CERTIFIED RED ANGUS



by Blake Angell, Commercial Marketing Director and Greg Comstock, RAAA Marketing Programs Coordinator

What Does All The Industry Talk Really Mean?

Q&A on current things impacting Red Angus Marketing Programs.

In the spring of 2004, the RAAA Marketing Staff began investigating some of the changes on the industry's horizon. Although Red Angus has been a USDA Process Verified Program (PVP) for nearly 10 years, the industry began talking more about PVPs, QSAs and a National Animal ID system. RFID technology was getting more attention, and both feed yards and packing plants were incorporating more of this electronic capability into their operations. Due to international events, many countries established specific criteria that must be met before they will purchase beef product from the U.S. As a result of these changes, Red Angus Marketing Programs has initiated some modifications to the current system which are designed to keep the Feeder Calf Certification Program at the forefront of the marketing venue, and provide Red Angus commercial bull customers access to the additional value that exists from these new industry demands. In September of 2005, some of these things began to take shape. What follows is a Q&A segment that will offer you some insight into "what is going on?"

Q: Why did you change tags?

A: Identification is what our program is all about - identifying Red Angus sired calves at any location within the industry based upon our yellow ear tag. Without that, they are just another set of cattle. Unfortunately, we were experiencing some huge problems with the words "Red Angus" fading off the tags. This caused numerous sets of cattle

to be removed from the program at the packing plant due to the inability to identify the cattle. We have addressed this issue with the new tags with a process called "Protect-A-Print." Today, the words Red Angus and the individual serial number of each tag are covered with a clear sheet of plastic that is melted onto the tag and prevents direct sunlight from eroding or fading this information - thus retaining the identity of the cattle.

Q: Why did you change to a two piece tag?

A: Based on producer interest in purchasing electronic tags as well as other industry issues, we felt it was important to provide producers with the option to purchase either the visual tag, or to purchase a combo set with both a visual and electronic tag. Currently, there is not a one piece RFID tag on the market. We thought it would be more practical for producers to use the same tagging gun for both the visual and electronic tags. That resulted in us making the change to a two piece tag.

Q: What was the process of choosing the new tag company?

A: Every major tag manufacturer was contacted and invited to bid on our entire tag business. Upon evaluation of the proposals, Temple Tags was the company chosen to work with due to the technology of their RFID tags, the distribution network for shipping ear tags and their overall price structure. It was the combination of these and other items that allowed us to further enhance the

Certified Red Angus Feeder Calf program, while at the same time keeping the enrollment costs for producers at the same level. Although we were not able to negotiate "free" applicators as has been the case in the past, the tag applicators that you now purchase are a much more durable and longer lasting applicator. In the end, providing one manufacturer the exclusive rights to all our tag business, allows for the best possible pricing scenario for producers.

Q: The Red Angus program is referred to as a PVP, but what does that mean? And what do the other abbreviations mean?

A: The Red Angus Program is indeed a USDA Process Verified Program or PVP. This means that USDA audits the "process" we have developed to make a "specific claim." We are declaring to the industry that we are documenting "50% Red Angus Bloodlines and Source Verification to the Ranch of Origin." USDA approves our program and allows us to make this claim as long as the program and our participating producers adhere to the process and procedures that we have established. In reality, PVP and QSA programs are essentially very similar. Both of them are programs that fall under the umbrella of the Audit Review and Compliance Branch of USDA. In both cases, a company or program utilizes a set of "approved procedures" that they and their producers conduct to document a specified claim. Today, two of the primary claims the industry is looking to document is Age and Source. Both the

Marketing Update

program and the producer participants are subject to and monitored through on site audits conducted by USDA to ensure that all procedures and being followed and specified claims are being met.

BEV is short for Beef Export Verification. If a packing plant or meat processor desires to send beef to a specific country or export market, they must have an approved BEV through USDA for each country they wish to do business with. For example, the Japanese market requires cattle to be less than 21 months of age at the time of slaughter. Through a USDA approved PVP or QSA that documents the birth dates and thus the age of cattle enrolled, those cattle can be used as a source for fulfilling that component of the BEV for Japan that a packer or meat processor might have.

Q: What is NAIS, and how does it fit into all of this?

A: The National Animal Identification System (NAIS) is a means of implementing a nation wide identification and tracking system for the U.S. cowherd. Although the structure and implementation date are still being negotiated, Red Angus Marketing Programs has been directed to prepare for compliance with a potential mandatory system. This is another reason for the introduction of an electronic tag option.

Q: Are there any other changes coming to the program?

A: New USDA regulations will require modifications to our current system. While most will not be obvious to the producer, there are two main items that will differ significantly. The primary change will be the documentation of Age of calves enrolled. Producers will need to document the date of the first calf born through calving records (calendars, calving books, etc.), provide a copy of that information to the RAAA office and retain those records for up to three years. The Red Angus ear tag will now represent documented Genetics, Source and Age, which will further expand the marketing options for calves wearing the yellow tag. In addition, prior to ordering tags, a producer will need to have a completed "supplier evaluation" on file at the National Office. This will consist of a series of questions that will be conducted over the phone with an RAAA staff member. Based on the information generated from this evaluation, producers may enroll calves in the program as before. The results of this evaluation will determine the level of "on-site" audits that RAAA staff will have to conduct, and may require an audit be conducted before cattle can be enrolled. In addition, USDA will randomly select a few producers and conduct an on site audit. Such audits will require a producer to document and show proof of his Red Angus breeding program and birth records on his calf crop. Organized and detailed information will result in a quick and successful audit for the producer. ■