



Marketing Update



CERTIFIED RED ANGUS

Pro-Cow

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More Marketing Options Available... ...but not without some changes



Cattle producers are aware of the ever changing requirements that beef customers both here and around the world have been placing on our industry. All indications suggest that the demand for product information and documentation will continue to increase. This demand for documentation has been reflected by extra value in the form of premiums for those cattle that come with the additional credentials. However, for this information to have real value to the buyer, it must be documented and provided through a system recognized by USDA. With this in mind, Red Angus Marketing Programs staff has been working to ensure that the Certified Red Angus Feeder Calf Program continues to provide producers the USDA approved system they need.

The current Red Angus feeder calf program is in its second decade of successfully documenting source verification to ranch of origin and genetic traceability to Red Angus parentage under the guidelines of a USDA Process Verified Program (PVP). In an effort to maintain the competitive advantage that Red Angus tagged cattle have enjoyed in recent years, the RAAA's Alliance Committee recommended and the RAAA board later approved making the necessary changes to add documentation of age to the Red Angus PVP. Upon implementation of these directives, the new and improved Red Angus Feeder Calf Program will provide documentation on three USDA claims: Group Age, Source Verification to ranch of Origin and traceability to Red Angus genetics.

While these changes to the Red Angus PVP await final approval by USDA, we can review the general program changes and how they will impact

producers seeking to enroll cattle. One of the most obvious changes to producers will be USDA's requirement of 100% producer evaluations. Producers will need to allow a little extra time when calling to enroll calves because each producer will be required to answer a series of questions relative to record keeping and management practices of their operations. People who have enrolled cattle in the past will recall being asked questions relative to their use of Red Angus bulls/semen in their breeding program. The new question format will be expanded to confirm an operation's compliance with all three of the claims the program will be making. Questions will relate to the calving/birth records maintained; whether or not cows are ever co-mingled with other producers'; and the use of bulls other than registered Red Angus are examples of information that producers will be asked to provide. The answers given will result in a point total that will correspond to a

"risk" level. Low and Medium risk producers will be able to enroll calves into the program immediately and tags will be shipped just as it is done today. A producer that is designated as high risk due to some aspect of their current management system will not be able to enroll their current calf crop. Red Angus Marketing Programs staff will advise those producers on corrective actions so that future calf crops may be enrolled. That some cattle will be ineligible is nothing new. For as long as the FCCP has been approved and audited by USDA, cattle that failed to meet the process verified claim of documented genetics have been denied entry.

Along with this series of questions, the new USDA regulations will require that on-site audits be conducted at participating ranches by Red Angus staff members. While such audits have been part of the Red Angus program for its entire history, they will be conducted at a slightly

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higher frequency in the future. This change should be unrecognized by the majority of producers.

By adding "Group Age" verification to the program, enrolled cattle are better positioned to capture the premiums resulting from increased demand from both foreign and domestic markets seeking age documentation. To comply, producers will have to be able to define their means of collecting birth records on their calf crop, and submit that information to the Red Angus Association. This is important so that birth date information can be tied electronically to the Red Angus tag numbers the producer receives. To aid in this process, Red Angus Marketing Programs is developing some materials that operations can use to collect and submit this information. Accurate accounting for all program tags will become an even higher priority, and Red Angus Marketing staff has redesigned forms to make this task easier for producers.

Producers should understand that the resulting changes to the program are a result of increased requirements and new regulations issued by USDA. Many producers may ask "why didn't you just leave it like it was?" The simple answer is; USDA did not give us that option. It is also important to understand that the telephone enrollment process, the increased numbers of audits and accounting for all tags were going to be required even if we did not add age verification to the program. Since these changes were being mandated, it seemed logical to add age, and potential eligibility for premiums that should be available as export markets continue to open. This retooling of the Red Angus Feeder Calf Program was done with our commercial customers in mind, and was designed to document the required information and comply with the new regulations with as little added burden placed on producers and their day to day management as possible. Additionally, we do believe there is a pay-back. While the premiums associated with this additional information have taken longer than anticipated to get here, Red Angus Marketing Programs believes that positioning Certified Red Angus calves for maximum added value over the long-haul makes more sense than simply bringing the program to compliance. The potential to access a greater number of value-based market options and premium programs will provide the necessary return to participating producers to offset the little extra time spent in the enrollment process and collecting age information.

In the past 12 months, there has been an explosion in the number of USDA PVP or QSA (Quality System Assessment) programs that have been developed. Whether it is a breed association, feedlot or packer, the industry is looking to develop systems that will allow for the collection and documentation of the information that will provide access to these additional markets, and the additional value they could generate. We believe the changes being implemented in the Red Angus program will further cement Red Angus sired calves in their current position - the top of the market, which is exactly where they belong. ■