

The Syllabus

A newsletter for Master of Agribusiness students, alumni and friends

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MAB in Kansas City

MAB's first-ever retreat was April 7 and 8 in Kansas City. Participants engaged with industry leaders during Thursday's roundtable discussion. On Friday, Carlos Piana, an Ecuadorian exporter, gave his thoughts on the trade agreement currently being negotiated between Ecuador, Colombia, Peru and the U.S.; and Tracy Brunner, Lon Frahm and Mark Seitz spoke of agriculture in MERCOSUR. Dr. Vincent Amanor-Boadu concluded the day with a workshop on network development.

Below you will find thoughts from Mark Seitz, a speaker and member of the planning committee, as well as, Terry Garvert, a panel member on Thursday's roundtable. On page two, you'll see we're planning a Russian excursion for next year. We encourage anyone who is able and willing to join us.

Mark Seitz
Area Agent - Commercial Horticulture
NCSU Cooperative Extension Service
MAB 2003

-On behalf of the planning committee, I want to take a moment to review some of the events of the MAB Reunion weekend in Kansas City April 7-8, 2005. For those of you who missed the two day inaugural MAB Reunion, you missed a wonderful program without any exams! The panel discussion on Thursday afternoon brought back memories of a few spirited discussions my class had in Dr. Barkley's international trade policy class and in Dr. Biere's logistics class. Personally I have to say I was impressed at how much I actually remembered from those classes as the conversation swirled around the room. I guess all that tuition money paid off after all.

Friday morning's session offered some enlightening conversation about the future of U.S. agriculture in the face of growing competition from foreign competition, particularly South America. Tracy Brunner and Lon Frahm offered a video

summary of the MAB trip in 2004 to Brazil, Uruguay and Argentina. This



presentation provided an excellent summary of what is happening in the cattle and soybean industries in those countries. For those of you who missed Tracy's video, I highly recommend you contact him and ask for a private viewing. It was one of the best travel documentaries and assessments of the agriculture industry in South America I have ever seen.

Carlos Piana's presentation on the trade negotiations between Ecuador and the United States sparked a number of conversations on trade policy that will greatly affect how U.S. and Andean farmers do business in the next 20 years. *continued on page 2...*

Thoughts from a roundtable participant

Terry Garvert
Speciality Foodgrains Leader, Cargill

I found the roundtable discussion to be a very good exercise.

There was a lot of diversity of opinion on how these trends can affect agriculture. While we may not have solved any of the problems, I think the discussion did point out to those in the room, agriculture in the U.S. and the world is in for some big changes.

Some of the trip recaps the next day by the MAB alumni only convinced me the industry is going to be changed from forces inside our borders and outside our borders, and it will be critical for us in US agriculture to know what the U.S. and it's competitors in the world have comparative advantage in.

I'm glad I attended and if time allows will attend the next one as well.

Mark's thoughts continued from page 1

My talk about the current state of Brazil's agribusiness industry focused on how Brazilian agribusinesses, and other industries, are benefiting from a mix of high-tech machinery and low-cost labor. Brazil's future is bright as long as the country's financial markets remain stable. Time will be the judge of that, but in my opinion they are on the right track and will be a tough competitor.

Dr. Vincent Amanor-Boadu provided some fantastic insight into how strategic alliances work and how important the people are that know you are in making a strategic alliance successful. "Dr. Vincent" covered a multitude of topics too numerous to delve into for this summary. His presentation stimulated a lot of thoughts and ideas in my head, which I am doing my best to put to good use in my work here in North Carolina. I would share more detail with you, but it is always a good practice leaving out a few details to get your readers to want more. In this case I'll leave the details of "Dr. Vincent's" talk for the next reunion, or

your next conversation with a classmate, or in your next phone call with Lynnette or Meagan when you're calling to sign up for the next reunion.

At the end of the day, there seemed to be a general consensus that our industry faces numerous new and on-going challenges such as: the availability of cheap labor mixed with high-tech machinery overseas, food safety and food security issues both at home and abroad, trade policy, and the need for U.S. agribusiness to significantly improve supply chain management both at home and overseas in order to remain competitive in the global market place.

Did we raise more questions than we had answers for? Probably. Is the way we do business changing? Definitely. Is trade policy going to affect how we manage our farms and businesses in the future? Absolutely. In spite of our best efforts these problems are not going away but with programs like this and those in the future, we all stand a better chance of finding ways to stay in the game.

To close, I want to personally thank Meagan Cramer for doing the lion's share of the planning work for this program and

reunion. Meagan's work and her willingness to put up with those of us who miss, forget about registration and MAB Syllabus article deadlines, once again went above and beyond the call of duty. Meagan's efforts resulted in a fantastic two days of programs, conversation and education that made the trip to Kansas City worth every nickel. We are all fortunate to have her working with the MAB program. Next time you're in Manhattan, make sure you stop by and say, "thank you" to Meagan and Lynnette. We're fortunate to have both of them keeping the program alive and keeping us all on track.

For those of you who made the trip and on behalf of the planning committee, I thank you for taking the time to attend. Your time, insight and contributions made this an excellent conference. For those of you who missed it - you missed a good show. I hope to see you at our next reunion both to get reacquainted with your MAB classmates and to share some of your insight into the challenges that we face in the industry we all know and love.

Have a great 2005 production season and come see us at the next MAB reunion, wherever that might be.

MAB offering travel to Russia

The MAB is continuing the offer of international travel first started the summer of 2004 with a tour of South America. This time the trip will focus on Russian agriculture with stops in Moscow and St. Petersburg.

The 13-day trip is tentatively set for the end of July/early August 2006. The tour will be coordinated by Pavel Sorokin, Moscow State Agro-Engineering University Professor, and MAB AGE 710 instructor. It will include stops at various crop and livestock operations, as well as, agricultural and food related industries. Time will also be set aside for site seeing.



Why Russia?

Russia occupies more than one tenth of the agricultural land on earth including very large areas of black soils, with very favorable climactic conditions with enormous production and efficiency potentials. The Russian population however, represents less than 2.5 percent

of the world population. Therefore, Russia may become a main supplier of world food markets.

The increase of yield in the production of grain of about one ton per hectare seems to be realistic, and would flood another 50 million tons of grain on to the world markets. This would almost equal the sum of North American exports.

Previous trip experiences

Lon Frahm, a 2004 tour participant, enjoyed the South America tour. "The 2004 South America trip was probably the most enjoyable group tour I have ever been on," said Lon. "The access, connections, and relationships that the department and university provided really enhanced the experience. It is not often that I've had the chance to visit foreign countries with the caliber of folks that the MAB program provides."

For more information, contact Meagan Cramer, mrcramer@agecon.ksu.edu or 785.532.4435.



Alumni Spotlight

Lautaro Perez Rocha

2003 MAB grad
Value Programs and Export Sales
Frigorífico Colonia, Uruguay

by Cristina Mansfield



A new edition to The Syllabus includes the Alumni Spotlight. This piece will focus on an MAB alum, and is written by Cristina Mansfield, a 2004 graduate.

MAB alum and agronomy engineer, **Lautaro Pérez Rocha**, began his career in 1998 as an agricultural market analyst, analyzing the beef, grain and oilseeds market for MERCOSUR. In 2002 he joined the **National Meat Institute (INAC)** of Uruguay, managing international market research services, promotional strategy, and working on Uruguay's National Program for the Certification of Natural Beef.

Since 2004, Lautaro has been leading the value programs and assisting the export sales at **Frigorífico Colonia** (www.fcolonia.com), a specialized processor and top exporter of

MERCOSUR countries include Argentina, Brazil, Paraguay, and Uruguay; Chile and Bolivia are associate members.

beef in Uruguay, while teaching and doing research at Uruguay's ORT University. In 2002 he helped develop the

MERCOSUR module for Comparative Food and Agriculture Systems, an MAB course team taught by faculty at K-State partner institutions in Uruguay, France, Russia and Thailand. Lautaro has also taught a course titled Advanced Tools for Business Analysis since 2001 for undergraduate agribusiness students, and in 2005 he will participate in the Agricultural Marketing courses. He has also worked as a business consultant for private companies and for the Ministry of Agriculture of Uruguay (MGAP).

Lautaro has written on value creation strategies in the Uruguayan livestock sector; country of origin labelling and consumer perceptions; and the natural beef market in the U.S. His most recent publication is a research report for the University of California Agricultural Issues Center. It is titled "Grass-Fed Certification: the Case of the Uruguayan Beef Industry," and was written in collaboration with KSU professors **Michael Boland** and **John**

(Sean) Fox. The article describes how Uruguay's highly developed **cattle identification and tracking system** and focus on **grass-fed certification** are helping to expand its beef market and develop a national brand image for Uruguayan beef, analogous to that associated with New Zealand lamb.

According to Fox, product traceability is an attribute that more and more consumers are seeking. "With the development of a verifiable tracking system, Uruguay has not only positioned itself to be very competitive in international beef markets, but has also

enhanced its capability to respond quickly and effectively to disease threats such as mad cow disease" Fox said.

The **Dicose** tracking system gives farmers a code consisting of a region number, a police station number, and a farm number. Every time an animal is moved, bought, or sold, the movement must be recorded and the animal accompanied by its paperwork. As a result, Uruguay was one of the first countries in the world to be able to trace animals back to their origin. However, it is virtually impossible to track each cut because of multiple cutting lines in most plants. Additionally, in 2001 the National Meat Institute developed the "**Certified Natural Meat Program of Uruguay**" to differentiate their product and increase consumer confidence.

The voluntary certification program involves the entire production line and focuses on food safety, traceability, animal welfare and environmental sustainability as expressed in the following claims made for animals marketed under the program:

- Source verification of animals and products
- No growth hormones used
- Not fed antibiotics
- No animal proteins in feed
- Grass fed
- Animals never confined

Uruguay's beef strategies are helping to expand its export market



Lautaro speaks about Uruguay's cattle identification and tracking system.

on a number of fronts. In 1989, the EU banned the import of animals and meat produced with growth hormones. Uruguay is in compliance with these EU rules because Uruguayan cattle are fed primarily on pasture alone and the use of growth hormones is strictly prohibited. Additionally, proposed EU regulation will mandate that all beef should be traceable from the table to the producer. Uruguay was the first country to have its traceability system accepted by the EU.

continued on page 4...

Alumni spotlight continued from page 3

"When we started in 2001 we did not have a market, an economic incentive, nor a clear idea of what would be the possible future," Rocha said. "We went through that, envisioned it, discovered it, and pushed the industry and farmers. Now it has started to work"

In August 2004, USDA announced that Uruguay's beef was verified according to this process. To date, Uruguay has filled its U.S. tariff rate quota with a combination of high and low quality beef. Certification of Uruguayan natural grass-fed beef would differentiate and enhance demand for high quality Uruguayan beef and would be expected to lead to a situation where the entire TRQ is filled with high quality beef.

Lessons for U.S. producers

Recently almost a dozen producer alliances in the United States have been process verified and a number of other initiatives are underway. In March 2005, the state of South Dakota implemented the first state-certified beef program in the U.S. which will allow consumers to trace a product back to the ranch where the animal was born. The success of such a program hinges on the ability to market a brand name tied to a distinct set of desirable attributes. Given the range of attributes which consumers appear to value, there appears to be room in the market for several such differentiated products.

However, as programs proliferate, and face competition from



INAC has developed a country brand label, the use of which is granted subject to endorsement of the accredited certifying firm.

foreign programs such as Uruguay's, the initial benefits are likely to diminish. A recent study by Boland; Alena Bosse, K-State graduate research assistant; and Gary Brester, professor at Montana State, found that the U.S. lamb industry is now part of the global lamb industry. The authors suggest the U.S. beef

Uruguay Beef Trivia

- In 2004, Uruguay exported a record 404,310 metric tons carcass weight
- Beef exports represent about 21% of Uruguay's total value of exports.
- 15% exports are chilled, 80% frozen.
- Uruguay supplies less than 5% of approximately 6 million tons of beef traded internationally.
- Until recently, slaughter animals were priced strictly on live weight basis.
- Most animals are pasture raised and finished.
- 5% percent of Uruguay steers are finished in feedlots vs. 90% in U.S.
- Average carcass weight: 580-620 pounds.
- In 2004, the U.S. became the largest export market for Uruguayan beef (52% of total beef exports). Other beef export markets include Canada, the EU, Israel, Argentina, Brazil and Chile.

industry is rapidly approaching a similar scenario.

"The implication of the study is that U.S. producers who are involved in alliances that use process verification built around some attribute such as no growth hormones and grassfed beef must realize that other countries can develop similar programs and may have lower costs relative to some U.S. producers," Boland said.

Clearly, some countries such as Uruguay may have highly differentiated products that are more competitive with U.S. beef. Producers involved in alliances seeking to differentiate their beef must realize that producers in other countries can develop similar products and that such certification programs are not sufficient barriers to entry in a global beef industry.

For more information about this article, contact Lautaro Perez Rocha at lautaro@adinet.com.uy or Cristina Mansfield at cristinaleila@hotmail.com.

Students complete thesis projects

To access an electronic version or view a thesis defense, log onto K-State On-Line, www.online.ksu.edu, with your eID and password. Go to the MAB Community Page and go to Archives.

John Borchers, class of 2005

Chinese Meat Consumption

Mike Fink, class of 2004

Lanoha Nurseries Preferred Customers' Garden Center Product and Service Preference Questionnaire Response

Alana Nichols class of 2003

A Comparison of Louisiana Regional Auction Markets and Video Cattle Auction Prices

Alex Offerdahl class of 2005

Empirical Yield Probability Distributions, De Minimus Yields, and Insurance Incentives in Wheat

Evan Winchester, class of 2004

Extracting and Refining the Adjustments for Appraising Non-Irrigated Farmland

Upcoming Events

July 29

Last day to defend to be considered a summer graduate

August 12

Final thesis copies due to graduate school to be a summer graduate

October 15

Applications due for class of 2008

In the news

Eliana Cobos, alum, is Export Services Manager for Expropalm, an Ecuadorian company that processes and exports hearts of palm.

Matt Craig, class of 2005, is Director of Sales - East for MAC Equipment in Kansas City.

Kirby Hettver, class of 2004, is a Loan Officer for the Co-op Credit Union of Montevideo, in Montevideo, Minnesota.

Kelly Huenink, class of 2001, will be working at the Colorado Corn Grower's Association on June 1st.

Matt McKamey, class of 2005, has accepted an Agriculture Banker position with Wells Fargo in Glasgow, Montana. He will start there in early June.

Andy Nelson, class of 2001, is now Director of Operations for Sterling Foods in San Antonio, Texas.

Scott Snider, class of 2007, has accepted a promotion with US Bank and is now Vice President of the Washington Iowa branch.

Zach Gaines, class of 2006, is engaged to Dana Nancarrow. The couple plans on getting married in the summer of 2006.

Ben McClure, class of 2006, and his wife Lanie, are expecting their third child in December. Daughters Toby and Molly are both excited for the new edition.

Mike Boland, professor in the MAB, is K-State's Coffman Chair for Distinguished Teaching Scholar for 2005-2006. A K-State faculty member is recognized as a leading teaching scholar and appointed to the chair for one academic year. Other Ag Econ faculty who have received the honor include **Andrew Barkley** (2003-2004) and **Bryan Schurle** (1998-1999).

MAB book nook

The March banquet speaker, Doug Hofbauer, President and CEO of Frontier Farm Credit in Manhattan, mentioned many books during his presentation and below is a sampling.



Leadership

"The Leadership

Challenge" by James M. Kouzes and Barry Z. Posner

"Principle-Centered Leadership" by Stephen Covey

"First, Break all the Rules" by Marcus Buckingham and Curt Coffman

Doug's Personal Reading List

"The Four Agreements" by Don Miguel Ruiz

"The 7 Habits of Highly Effective People" by Stephen Covey

"10 Secrets for Success and Inner Peace" by Dr. Wayne Dyer

If you have a book or reading you found interesting, send it to mcramer@agecon.ksu.edu.



Moderator, David Barton, and panel members Glenn McClelland and Bill Newham participate in the round table discussion during the MAB retreat, April 7 and 8 in Kansas City.

Scholarship donations a big help

Some MAB students are able to continue their education with the help of scholarship money supplied by MAB alumni. We would like to thank those who have given money to these scholarships.

Diego Lozana, a second year student from Columbia, is a recipient of the MAB scholarship. "Receiving a scholarship from Kansas State University has been a great opportunity to me especially because my country has a smaller economy than the U.S. It has given me the opportunity to be challenged by the MAB. I really appreciate the scholarship and I feel lucky to have this support," Lozano said.

Money provided to MAB scholarship accounts can be very helpful to those students unable to receive financial aid or receive company reimbursement. Thank you again to those who have contributed.



Congratulations to Spring 2005 MAB grads

John Borchers

Michael Fink

Mercedes Firpo Casado de Achaval

Erich Olson

Alex Offerdahl

Evan Winchester

Marilyn Vass

*Spring MAB graduates John Borchers, Erich Olson
and Marilyn Vass took part in graduation ceremonies
on K-State's campus May 13.*



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