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 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.

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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.
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 AGEC 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 climatic 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, mcramer@agecon.ksu.edu or 785.532.4435.
Lautaro Pérez Rocha

2003 MAB grad
Value Programs and Export Sales
Frigorifico 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 Frigorifico Colonia (www.fcolonial.com), a specialized processor and top exporter of 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 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.

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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 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 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
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.
Congratulations to 
Spring 2005 MAB grads

John Borchers  Alex Offerdahl
Michael Fink   Evan Winchester
Mercedes Firpo Casado de Achaval Marilyn Vass
Erich Olson

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