MODULE 1 //

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Industry Information

Funded by
The Beef Checkoff

Industry Background/History

A new century was approaching and the world of the American cattleman would change dramatically.

Early American cattle originated in Europe but arrived in the Americas by many routes: Texas, Florida, California, Virginia and New England. By the time cattle reached Texas and California from Mexico in the 1500's, a cattle industry was emerging in Florida. In 1607, cattle arrived at Jamestown, Virginia, but none survived.

More came in 1611, at which time Governor Thomas Dale issued a proclamation: "No man shall dare kill any bull, cow, calf… whether his own or appertaining to another man." Thanks to this conservation step, and with further imports, cattle became established in Virginia, with an estimated 500 head by 1620 and 30,000 by 1639. At the same time, cattle from England and northern Europe began arriving in New England, and appeared in New York State as early as 1625.

By the 1890's rangelands were becoming available to cattle to the west. The great herds of buffalo were gone, the American Indian was increasingly relegated to reservations, barbed wire had carved out farms and ranches, and a growing network of rails had replaced the traditional trail drive. Cattle production was now a thriving business owned by both small and large producers. A new century was approaching and the world of the American cattleman would change dramatically.

The growing cattle industry of the late 1800's was focused almost entirely in the West, with essentially all operations being family-owned and managed, a cornerstone of the cattle industry that remains even today. The industry was organized to produce four or five year-old grass-fed steers which were shipped live by train (usually between July and November) from local loading stations along an ever-growing network of rail lines eastward to centralized markets.

The large stockyards in cities such as Chicago and Kansas City served as gathering points for cattle coming from the west in the rail cars, where they were sorted and distributed out to packers operating near the yards. Today's marketing categories of "feeder" or "stocker" cattle did not exist, and heifers were seldom slaughtered. Although the groundwork of today's cattle feeding industry was emerging in the Corn Belt, this "feeding" was usually a sideline of the Midwestern farmer's corn and hog enterprises, who kept cattle simply to use up excess corn.

Packers, too, were concentrated at the rail centers, where they processed all types of livestock. Their customers were smaller butcher shops in the immediate area and to the East, each of which merchandised an assortment of meat products to local customers. Refrigerated rail cars (invented by Gustavus F. Swift) were loaded with beef quarters hanging from the ceiling, while the floor of the cars had boxes of ham, bacon and lamb carcasses and calf carcasses wrapped in cheese cloth.

Larger packers operated regional shipping and distribution offices in areas of concentrated population (such as New York City, Boston and Philadelphia), from which smaller "truck routes" would then sell and deliver quarters of beef (and other fresh meat carcasses), smoked meats and sausages to neighborhood meat markets and restaurants in each town and city throughout the region. Each local market or restaurant would then produce cuts of beef, pork and lamb, as well as sell smoked meats and sausages, desired by the local customers.

However, the 20th century brought dramatic changes to the structure of the cattleman's life. Among the most dramatic were the following:

A "by product" of the Interstate highway system for the cattle industry was that cattle production was no longer dependent upon ready access to railways.

Federal Meat Grading System:

Prior to the early 1900's, live cattle were traded "on-the-hoof" with no standardized system to separate desirable cattle from less desirable. However, in the 1920's the U.S. Department of Agriculture (USDA) established standards for grades of live cattle and beef carcasses, providing the benchmark for trading live cattle and carcasses on the open market. The determination of an official grade is made by an unbiased third party (the USDA).

Grade standards have facilitated the marketing of both beef cattle and beef cuts. Today, live cattle of uniform quality and yield can be marketed by producers to packers at a price reflecting its value, and the packer, in turn, can group cuts of similar grade and yield for sale to customers based on demand.

Using the federal standards, today's beef producer can make critical production decisions to reflect the market demand for specific grade requirements, thereby optimizing profit opportunities.

Federal Interstate Highway System:

Prior to the construction of the Interstate highway system, cattle production was dependent upon access to the railway system for movement of live animals to the point of harvesting. Likewise, packing facilities were found in areas with ready access to rails, to facilitate movement of highly perishable meat products to the centers of population.

The Federal Interstate highway system was initially developed in the 1950's for national security reasons. Up to that time, a network of smaller, usually two-lane roads weaved throughout the United States. In some cases, these were little more than dirt roads, with each state (and perhaps each municipality) having differing construction standards for roadways. As World Wars I and II demonstrated to the nation, global conflicts in the 20th century could rapidly move across international boundaries. Therefore, to ensure the ability of the military to rapidly move troops and large equipment throughout the United States on dependable and standardized roadways in times of national emergency, the Interstate highway system was established by Congress.

A "by-product" of the Interstate highway system for the cattle industry was that cattle production was no longer dependent upon ready access to railways, and packing houses were no longer tied to rail heads with large stockyards to concentrate livestock. The Interstate system facilitated the movement of live cattle (and other livestock) to packing houses and packing houses could now be located closer and more centralized to livestock production areas, both reducing transportation costs. Further, packers were no longer dependent upon railways to transport their perishable products, which could now move throughout the country in refrigerated truck trailers. In today's marketplace, packers often deliver products directly from the packing facility to the retail or foodservice operations.

From Marketing Carcasses to Marketing Primal Cuts:

Prior to the introduction of primal cuts to the meat industry, entire beef carcasses or sides (shipped as quarters) were sold to meat markets and restaurant purveyors throughout the country. As a result, these operations not only were able to produce the specific beef cuts desired by their customers, but also needed to merchandise the less desirable parts of the carcass as well. In addition, large amounts of waste fat and bone were generated in these operations, requiring a major disposal problem in many areas.

As the meat industry grew, the concept of subdividing carcasses at the packing house and shipping parts (or primal cuts) evolved. In effect, the meat industry appeared to have taken a lesson from Henry Ford's assembly line, but in reverse, in developing a "disassembly" line for beef carcasses.

In doing so, packers were able to separate primal (and subprimal) cuts by weight and grade for marketing and merchandise them in boxes of similar product characteristics ("boxed beef"), thereby providing customers with a more uniform and easily handled product. In addition, excess fat and bone were no longer shipped to the end-user, and could be further processed at the packing plant location.

An important subsequent step in this transition was the introduction of "vacuum packaging", which allowed primals and subprimals to be packaged in vacuum bags at the packing plant, with the added benefit of extended shelf-life and enhanced food safety at the point of use.

The introduction of "block-ready beef", "boneless beef" and "case-ready beef" are further refinements of this important transitional step.

Development of a Consumer-Driven Beef Market:

Until the later part of the 20th century, the beef industry was "producer-driven", meaning that cattle were produced on farms and ranches with little regard for the end use. Products sold at retail or used in foodservice often had excess fat and, consequently, did not fit the desires of "health-conscious" consumers for leaner food products. As a result, beef demand rapidly began to drop, with consumers opting for visually leaner choices, such as chicken. Recognizing this dramatic downward trend, the National Cattlemen's Beef Association (through its predecessor organizations, the National Live Stock and Meat Board and the National Cattlemen's Association) conducted market research to assess the specific factors influencing consumer demand for beef.

This research helped the industry respond to consumer preference for lean beef. In 1990, the industry issued the "*War on Fat*", a report funded by The Beef Checkoff. The focus of this initiative was to reverse the driving force in the beef marketplace from a "producer-driven" to a "consumer-driven" market, where the industry would respond directly to the demands of its consumers in both the foodservice and retail sectors, and make industry adjustments accordingly.

A key element of this initiative was to reduce the visual external fat on beef cuts. Consumers indicated that they wanted the "taste fat" (the marbling with a beef cut) but not the "waste fat" (the fat they trimmed off the cut and discarded).

In the short run, the industry immediately reduced the "waste fat" by trimming cuts to one-fourth inch on primal and subprimal cuts sold to foodservice and retail operators, with end-users (foodservice operators and retailers) often reducing this to one-eighth inch prior to sale.

In the longer term, beef producers have made breeding and feeding decisions that are leading to leaner cattle, with the goal of being as responsive to consumer demands as possible.

The impact of the *War on Fat* is that the dramatic steps taken by the industry has resulted in the reversal of the downward trend in beef demand, increasing 25% over the last six years. This has provided further opportunities for all segments of the industry, from producer to end-users, to realize improved profit opportunities. However, throughout the history and evolution of the cattle industry in the United States, one essential characteristic has remained constant – the family owned and managed approach to the business has remained a cornerstone of the industry.

Economic Factors Affecting Supply and Demand for Beef

It's a constant up and down, profit-and-loss situation that can be a roller coaster ride for producers.

It takes between 2 and 2-1/2 years from the time a calf is conceived until it's ready for market. Needless to say, all that feed, time and animal care costs the producer money, and the goal of a producer is to realize a sale price for an animal that covers all the production costs and allows for a reasonable profit.

Like most products, supply and demand is how the price for cattle and beef is determined. What's different about beef is that the supply can't be adjusted as quickly as other food products. This is a major factor influencing the fluctuation of beef prices.

When beef supply falls below the level of beef demand, prices tend to rise. This is an automatic signal to producers to increase beef production. But the effect is not immediate because it takes 2 to 2-1/2 years to produce an animal once the decision to increase production is made. On the other hand, if the beef supply exceeds demand, prices will fall. The unique situation with beef, however, is that you can't stop the production line. Producers have to sell cattle when they're ready to market, regardless of the price. This means that an oversupply may continue for as long as 2 years, even if prices for live cattle continue to drop.

The cattle industry historically goes through 10-to-12-year cycles – from high production to low production and back again. It's a constant up and down, profit-and-loss situation that can be a roller coaster ride for producers.

Since 1950, the prices paid to farmers and ranchers have gone through profit/loss swings so severe that it wasn't until 1971 that cattle prices caught up with and passed prices in 1951 – even though the costs of cattle production had risen dramatically. The meat industry knows that it will need to increase production in the future to meet a growing demand, both domestically and internationally. But to meet this demand, sharp market fluctuations will have to be effectively addressed. Cattle producers indicate they can do this if they are able to meet the costs of production as well as obtain a reasonable profit.

Some factors that can vary and thus impact beef industry profitability include:

- The U.S. beef industry is made up of more than 1 million businesses, farms, and ranches operating in all 50 states. *(Cattle Fax, March 2005)*
- The average herd size is 43 head. *(USDA, July 2006)*
- In 2005, beef production reached 24.8 billion pounds. *(Cattle Fax, March 2006)*
- While the U.S. has less than 10% of the world's cattle inventory, it produces nearly 25% of the world's beef supply. *(Cattle Fax, March 2005)*
- In January 2006, there were an estimated 97.1 million cattle in the U.S. *(Cattle Fax, January 2006)*
- In 2005 cash receipts from cattle and calves totaled $49.2 billion. *(Cattle Fax, April 2006)*
- Gross income of cattle and calves in 2005 was $49.7 billion and total inventory value was nearly $100 billion. *(Cattle Fax, July 2006)*
- Consumer demand for beef has increased 25% in the last six years. Demand is a measure accounting for both per capita consumption and consumer spending for beef. *(Cattlemen's Beef Board, 2005)*
- Yearly per capita beef consumption in 2005 was 65.5 pounds. *(Cattle Fax, July 2006)*

- Total consumer expenditures topped $70 billion on beef – the fifth consecutive year consumer spending exceeded $50 billion in a given year. *(Cattle Fax, March 2005)*
- Annual retail beef prices averaged $3.64 per pound in 2005, compared to $3.61 per pound in 2004. *(Cattle Fax, March 2006)*
- Per capita spending for beef increased to $241 in 2005 (for retail and foodservice). This is up about $55 per capita from 2001. Per capita spending for pork was $142 and per capita spending for chicken was $151 in 2005. *(Cattle Fax, March 2006)*

U.S. Imports/Exports

While the United States has less than 10 percent of the world's cattle inventory, it produces nearly 25 percent of the world's beef supply.

U.S. imports of beef and beef variety meats decreased 8.55 percent in tonnage and 4.52 percent in value during January-December 2003 compared to imports in 2002. Major suppliers continue to be Australia, Canada, and New Zealand with those three countries accounting for approximately 86 percent of the beef tonnage and value imported by the U.S. In 2003, Australia continued to be the largest source of U.S. imports at 34.3 percent of the volume and 38.3 percent of the value of total imports.

The United States traditionally exports about 10 percent of production, but when the first U.S. case of BSE was diagnosed in December 2003, most major export markets closed. In 2003, U.S. beef and beef variety meat exports totaled 1.28 million metric tons valued at $3.86 billion. Traditional primary export markets Japan, Mexico, the Republic of South Korea and Canada accounted for nearly 83 percent of export volume and 88 percent of export value in 2003.

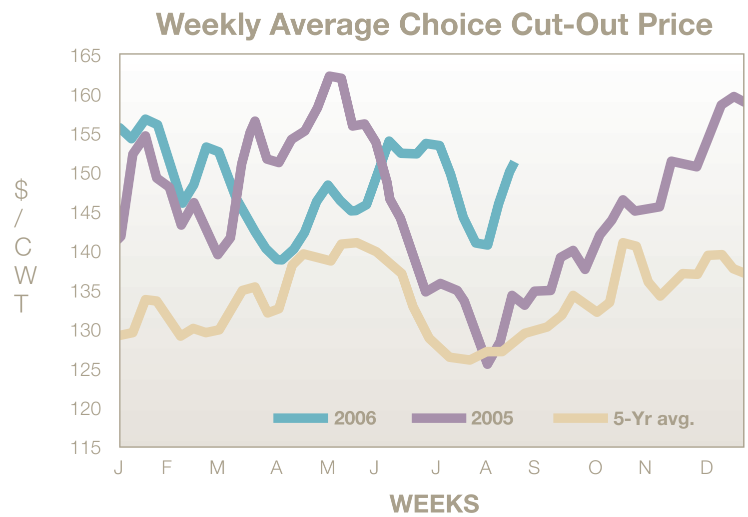
- *Japan* regained its position as the top export market for beef and beef variety meats on both a volume and value basis in 2003.
- The value of beef and beef variety meat exports to *Mexico* increased in 2003, but faced a slight decline on a volume basis.
- *South Korea* is an excellent market for U.S. beef variety meats with the U.S. exporting 33 percent more on a volume basis and 69 percent more on a value basis in 2003 than in 2002.
- Exports to *Canada* were less in 2003 than 2002 only on a volume basis, mostly because of the decline in the value of the U.S. dollar and a waning demand for the U.S. product in Canada following their discovery of BSE in May 2003.

U.S. beef and beef variety meat exports during January-December 2003 increased 3.45 percent in volume and 20.54 percent in value compared to exports during the same time in 2002. Industry experts agree the total value of the U.S. beef and beef variety meat export market equates to approximately $15/cwt. or 12 percent of an $85/cwt. fed steer. Beef and beef variety meat exports were worth over $3.6 billion during 2003 and only $1.37 billion in 2005. Trade disruption since December 2003 has cost U.S. beef cattle producers more than $175 per head and has exceeded $4.5 billion in cumulative income losses.

While the United States has less than 10 percent of the world's cattle inventory, it produces nearly 25 percent of the world's beef supply. The U.S. is the largest beef importer in the world, importing over 1.6 million metric tons in 2005, and is historically among the top three largest beef exporters, along with Brazil and Australia.

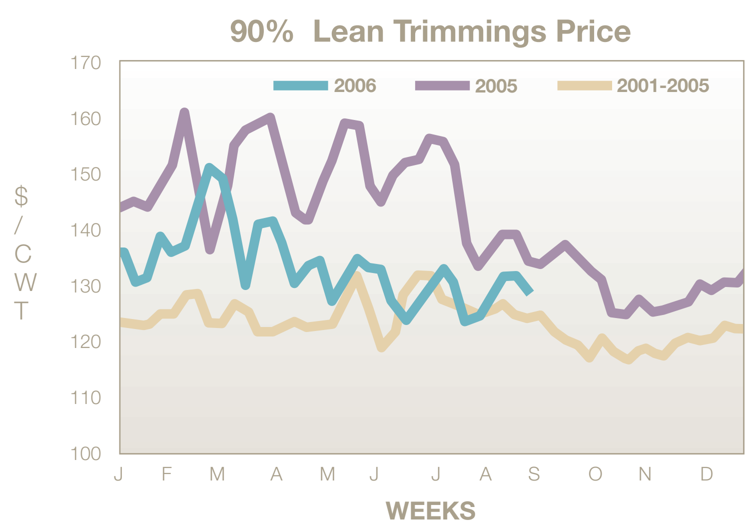
The Beef Price Cycle

Just as produce can offer seasonally low prices, certain beef cuts are better buys at particular times of the year. That's because beef, like other commodities, experiences regular yearly shifts in supply and related price cycles.



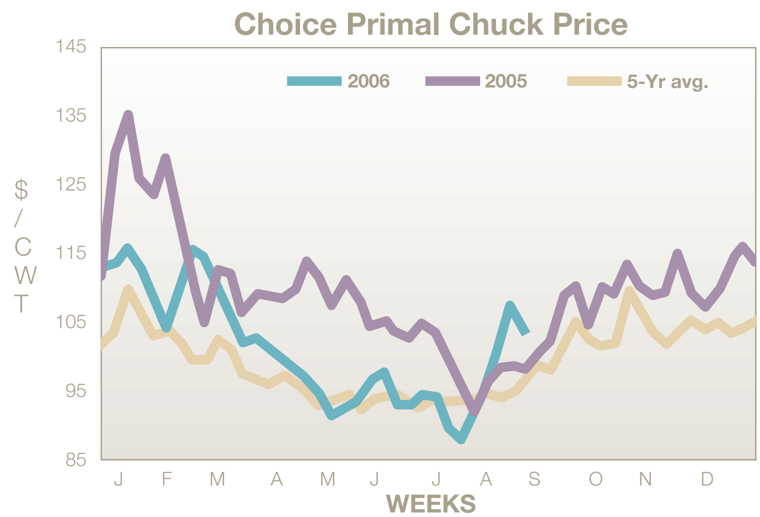
Source: USDA, 600-900 lbs CWT = Hundred Weight

The average choice cut-out price will typically peak in the spring and fall, when middle meat demand is the strongest and cattle supplies are at their lowest levels. Prices tend to lower in the summer months when cattle supplies are at their peak.



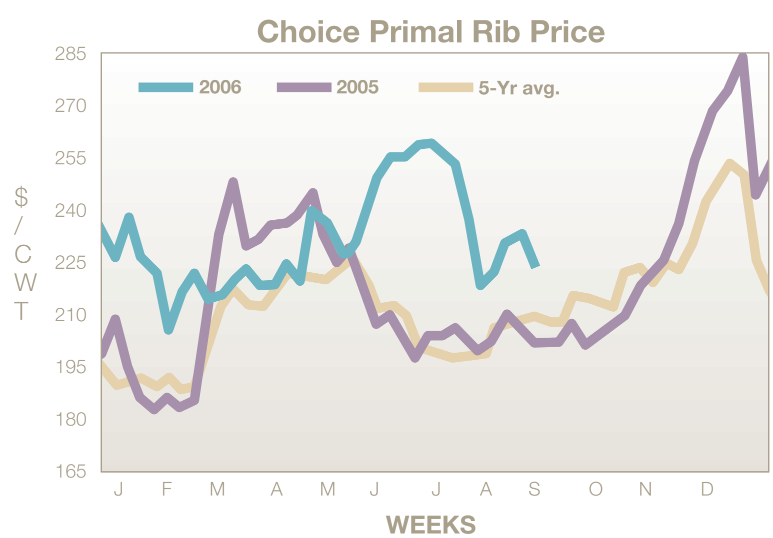
Source: USDA CWT = Hundred Weight

Lean trimmings come from cattle with little external fat, the bulk of which are marketed in the fall, resulting in lower prices. Tighter supplies, combined with grilling demand, support prices in the spring and early summer.



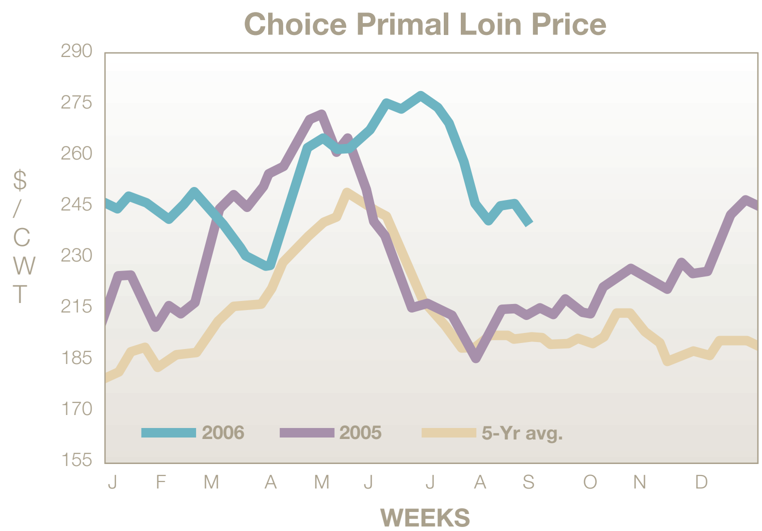
Source: USDA CWT = Hundred Weight

Chuck prices are best during the colder months, as they are well suited for braising type menu applications. As one of the lowest valued primals, they are also a budget-friendly option post-holidays. Chuck prices have increased in recent years, in large part, due to increased demand for Chuck cuts like the Flat Iron Steak and Petite Tender which are tender, perfect for year round menu applications.



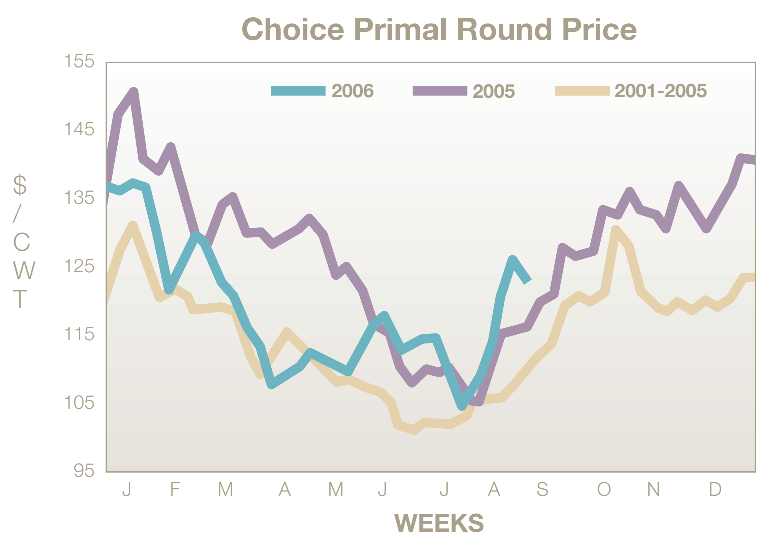
Source: USDA CWT = Hundred Weight

Demand for end-of-the-year celebrations usually result in the highest prices of the year for Choice Ribs. Prices peak again in the spring and early summer due to grilling demand for holidays like Memorial Day and Father's Day.



Source: USDA CWT = Hundred Weight

Limited cattle supplies, especially for Choice-graded carcasses, in the spring months result in higher Choice Loin prices. Prices lower in the summer months when supplies increase. Holiday demand supports Choice Loin prices late in the year.



Source: USDA CWT = Hundred Weight

As with Chucks, prices normally peak early and late in the year because of increased consumer demand during colder months. Declining values during the summer months are the result of a growth in supply and a decrease in consumer demand.

Beef Production in the U.S.

There are approximately 800,000 ranchers and cattlemen in the United States, conducting business in all 50 states and contributing to the economy in nearly every county in the nation.

American farmers and ranchers produce the safest beef supply in the world, and the safety and quality of U.S. produced beef places it in high demand, both domestically and internationally. The cattle industry is, traditionally, a family-oriented business. In fact, eighty percent of U.S. cattle businesses have been in the same families for more than 25 years, and 10 percent for over 100 years.

The cattle industry is also a major contributor to the economy of the United States. There are approximately 800,000 ranchers and cattlemen in the United States, conducting business in all 50 states and contributing to the economy in nearly every county in the nation. In 2004, U.S. cash receipts from livestock totaled $124 billion – over half of the total for all farm cash receipts in 2004 ($241 billion).

On January 1, 2006 there were 97.1 million cattle in the United States, 1.8 percent more than a year earlier. U.S. beef production was also up, with January 2006 through July 2006 production rising 7 percent above production during the same period in 2005. Total beef production during 2005 was 24.8 billion pounds (32.4 million head of cattle).

Cattle are raised in all 50 states, where the environmental conditions vary dramatically from region to region. These diverse weather conditions across the United States result in the selection of various cattle breed types and crossbred cattle that can adapt to the conditions and take advantage of the natural resources available in each region.

The beef industry, in its entirety, is more than just the cattle producer. It encompasses the entire range of industry participants, from seedstock producers to the ultimate consumer. Each plays an important role in "getting beef to the table", and each can impact the quality and utility of beef products.

Seedstock Producer – Often referred to as the "purebred" segment, these producers, through genetic selection, develop the genetic base for breeding stock used by the cow/calf segment. Specific genetic lines are developed based on their ability to enhance the beef production system, as well meeting the quality demands of the consumer.

Cow/Calf Producer –These producers make breeding decisions that combine the genetic lines developed by seedstock producers to best meet the market demand. This often involves "crossbreeding", or combining genetics (perhaps from as many as four distinct genetic lines) to produce the cattle that will ultimately be fed for harvesting. These cattlemen sell weaned calves (usually 6-10 months old) to "stocker" operations or to "feedlots".

Stocker – This is a rather specialized segment of the industry, where cattlemen take advantage of grasslands as a naturally available resource to feed weaned cattle prior to placing them in feedlots for grain-based finishing. These cattlemen purchase weaned calves and graze them on grass until they weigh as much as 900 lbs (usually around 12 months old), and then market them to a feedlot. The grazing of cattle converts natural grassland resources - much of which has no other practical use - into beef for human consumption, and contributes to the economical production of beef.

Feedlot – Feedlots may purchase weaned calves from the cow/calf producer or cattle from the stocker segment, finishing them on grain-based diets (often corn) to harvest weights of about 1,225 lbs. (average carcass weight is 778 lbs.) Cattle are in feedlots an average of 150 days, depending on the purchase weight and the targeted harvesting weight. These animals are then marketed to packers.

Today's beef producers have production and marketing choices that enable them to provide customers with a variety of quality beef products from which to choose.

Packer – Beef packers harvest finished cattle purchased from feedlots, converting the live animals into human food in the form of beef. The harvesting process is conducted with the oversight of the USDA inspection program, to ensure food safety and wholesomeness. If the packer chooses, the USDA grading service may also apply official quality and yield grades to carcasses at this point. Packers then fabricate (or cut) beef carcasses (typically weighing 600-800 lbs) into "subprimal" cuts (such as the top round, tenderloin or ribeye), and place vacuum-packaged subprimal cuts of similar weight and grade into boxes ("boxed beef"). Some packers may also further process the subprimals into individual cuts. In addition, packers are able to make efficient use of animal by-products (hides, waste fat, bones, etc.) at this point in the beef production system. The beef is then marketed to purveyors/processors or retailers.

Purveyor/Processor – This segment fabricates boxes of subprimal cuts into the portion cuts familiar to foodservice operators. The purveyor has traditionally marketed to the hotel, restaurant and institutional (HRI) trade, which today often has no meat cutting capabilities. An increasing number of operations, however, which in the past have purchased boxed beef directly from packers and performed their own meat cutting in-house, are now buying further-processed fresh beef items. These purchases may be from purveyor/processors or directly from packers.

Foodservice Operators and Retailers – These operations purchase beef products from purveyors, processors or packers, and present them to consumers. Because they are closest to the consumer and directly depend on their purchasing decisions, they directly watch for trends and styles that affect consumer demand for beef. By passing these consumer patterns back through the beef production system, they provide valuable feedback to each segment on which future production decisions can be based.

Consumer – When domestic and international consumers purchase American beef, either as part of a meal away from home or from the retail meat case, messages are sent to the entire beef production chain, which can influence subsequent decisions made at each step throughout the beef system.

Breeds

Cattle are raised in all 50 states and the environment changes dramatically from region to region. Various cattle breed types and crossbreed cattle are needed to adapt to the diverse weather conditions that exist throughout the United States. Breed types and their adaptability to the environment are very important for the production of beef.

Kobe Beef, a breed that is often asked about, is from Waygu cattle that have been raised exclusively in Kobe, Japan. Characterized by very heavy marbling, this beef is expensive and rarely available in the U.S. outside of the foodservice market. Waygu cattle raised in some parts of the U.S. are marketed under the name "Kobe-style."

Beef Labeling Claims Reflecting Specific Feeding Practices

Today's beef producers have production and marketing choices that enable them to provide customers with a variety of quality beef products from which to choose. Because the U.S. beef industry is consumer-focused and market-driven, consumer demand drives producer marketing decisions.

Most of the beef available to foodservice operations is produced using conventional industry practices. Such beef comes from cattle raised for some period on forages (pastures), and then fed a grain-based diet in a conventional feedlot prior to harvest. The grain-based "finishing period" is designed to increase the palatability (juiciness, tenderness and flavor), as well as the consistency, of the final beef product. Consumers generally prefer the flavor associated with grain-finished beef.

However, when selecting beef for preparation in a foodservice facility, operators may see several different label terms intended to indicate who produced the product or how the animals from which the meat was harvested were raised. The following represent some of the labeling claims and what such label terms mean.

Branded Beef Products

Branded products are subject to the same USDA wholesomeness inspection that any other beef produced in the U.S. must undergo.

"Branded beef products" may be marketed by a company based on product specifications or production standards that the company designates for their product. "Brand" specifications may include such factors as a specific breed influence, quality standards based on USDA grading standards, or specific product characteristics that customers may deem important. For more information on certified beef programs, visit the USDA website at www.ams.usda.gov/lsg/certprog/certbeef.htm.

Branded products are subject to the same USDA wholesomeness inspection that any other beef produced in the U.S. must undergo. In addition to the mandatory inspection for wholesomeness, companies must obtain approval of their product labels from the USDA Food Safety and Inspection Service (FSIS), and may further request that personnel from the Grading Service of the USDA Agricultural Marketing Service (AMS) verify their brand specifications claims by examination of designated carcasses in packing plants.

"Natural" Beef

When used with meat products, the term "natural" is perhaps the term most misunderstood by buyers. U.S. meat and poultry companies have marketed "natural" meat for many years. However, in 1982, USDA issued a Policy Memorandum for clarification, indicating that the term "natural" may be used to label meat products that do not contain artificial ingredients and are not more than "minimally processed". Specifically, the USDA Food Safety and Inspection Service (FSIS) defines a "natural" product as follows:

"A product containing no artificial ingredient or added color and is only minimally processed (a process which does not fundamentally alter the raw product) may be labeled natural. The label must explain the use of the term natural (such as – no added colorings or artificial ingredients; minimally processed)."

"Minimal processing" includes physical processes that do not fundamentally alter the raw product, such as grinding meat.

Based on the USDA definition, most fresh beef offered for sale is "natural". To determine exactly what a producer of a "natural" beef product means by the term, purchasers should carefully read the product label or contact the company.

Beef purchasers should be especially careful to not confuse the terms "natural" and "organic". While it may seem logical that the terms "natural" and "organic" are similar, they actually have different meanings when it comes to USDA meat product labeling. The USDA certification process for organic products is much more stringent than for natural products.

Certified Organic Labeling

Organic meat and poultry products are a small but growing category of products. The Organic Trade Association projects that the organic market in the U.S. will reach $30.7 billion by 2007.

With the enactment of the Organic Foods Production Act, which became effective in October 2002, USDA standards were established for all foods labeled as "organic". Organic products must be certified by either a state or private organization that is accredited under the standards of the USDA. However, producers selling less than $5,000 of organic products per year are exempted.

There are specific USDA regulatory standards that must be followed in order to certify crops or livestock as "organic." These standards are very specific and require that the operation adhere to every aspect of the Organic Foods Production Act.

Beef labeled as "organic beef" must meet the requirements of the Act, and producers of such products must be certified through USDA's Agricultural Marketing Service (AMS). Among the requirements are:

- Organic beef cattle must be raised separately from conventionally raised herds and must have access to pasture. Living conditions must accommodate the health of the animal and its natural behavior.
- Cattle must be fed 100 percent organically grown feed (grains and forage), but may be provided certain vitamin and mineral supplements. All feed must be free of animal by-products.
- Organically raised cattle may not be given hormones to promote growth or antibiotics for any reason. However, if an animal is sick, treatment to ensure its health cannot be denied. Any animal that is treated with antibiotics must be removed from the National Organic Program. However, Animals can receive preventative medical care, such as vaccines and dietary supplements (vitamins and minerals).
- The use of synthetic pesticides on pastures is prohibited.
- The use of sewage sludge for fertilization of feedstuffs is prohibited.
- The use of irradiation on beef products is prohibited.

For more detailed information on USDA labeling terms and the USDA Organic Food Production Act, visit www.fsis.usda.gov/fact_sheets/meat_&_poultry_labeling_terms/index.asp

It is important to remember that all beef, regardless of specific labeling claims, is wholesome and safe to eat. Federal regulations require that all cattle be inspected by a USDA inspector prior to and during harvesting, and that all labeling of beef products is under the strict oversight by USDA inspection personnel in the plant.

Grass-Finished Beef

Grass-finished refers to the feeding regimen for livestock raised on grass, green or range pasture, or forage throughout their life cycle, with only limited supplemental grain feeding allowed. Since it is necessary to assure the animal's well being at all times, limited supplementation is allowed during adverse environmental conditions. Grass finishing usually results in products containing lower levels of external and internal fat (including marbling) than grain-fed livestock products. Grass, green or range pasture, or forage shall be 80% or more of the primary energy source throughout the animal's life cycle.