

MEAT^{AND}POULTRY

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The President's Message



By John Calcagno
Institute President

Sometimes you can tell a lot about the worldwide meat market by studying corporate earnings reports. Following are some observations by Gloria Dawson at qz.com.

Tyson Foods Inc.'s strong earnings results hint at the world's complex and changing relationship with meat.

Tyson's net income rose 91%, with the company's chicken business driving the increase. Greater sales played a part -- but so did higher prices. Across the industry meat prices are going up, and cost, along with changes in people's eating habits, have brought overall US meat consumption down by some 12% in the last five years, according to a forecast last year from the Daily Livestock Report.

Meanwhile, the drought that struck the American Midwest this summer could hit its profits in the next quarter, Tyson cautioned. The drought raised prices of grain, which along with corn, is the main ingredient in animal feed.

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Major Hit Piece on Beef Industry Published by Kansas City Star

*Story sensationalized by the Huffington Post,
a long-time opponent of the meat industry.*

The Huffington Post - This is the original myth of the food safety system in the United States: The beef industry was a mess, led to awful practices by the profit motives of a few major processing companies, until investigative journalist Upton Sinclair exposed many of the atrocities of the packing plants in his 1906 novel "The Jungle," which spurred the establishment of federal meat inspections, improving safety forever. Today, beef and other meat sold in the U.S. is safer than ever.

This is the true state of affairs, according to a yearlong investigation of the beef industry concluded by the Kansas City Star this week: just four companies process more than 87 per-

cent of the beef packed in the U.S., and take advantage of novel, money-saving techniques that significantly increase the risk of contamination by food borne pathogens, leading to hundreds of preventable illnesses every year.

The investigation spans dozens of articles, tens of thousands of words and graphic illustrations galore, and is worth browsing around in depth on the Kansas City Star website.

Here are a few of the paper's staggering findings:

The investigators found ample evidence of serious problems with fecal contamination in beef at major plants, despite industry claims that beef was

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Beef Can Actually Be Healthier Than Chicken, Fish Or Tofu

Florida Times-Union - Lean beef (defined by government guidelines as having less than 10 grams total fat, 4.5 grams or less saturated fat and less than 95 milligrams of cholesterol per 3.5 ounces) can be healthier than chicken, fish — or tofu (bean curd) for that matter — depending on how much is eaten and how it's prepared. Delores Truesdell, registered dietitian and faculty member in the Department of Nutrition and Dietetics Flagship Program at the University of North Florida, discusses fresh, lean beef, a good source of vitamins and minerals.

Myth: Fresh, lean cuts of beef are harmful to your health and less safe than they used to be due to E. coli and hormones.

Fact: In moderation, beef and, especially lean beef when cooked properly, has high-quality protein and is a good source of niacin, vitamin B-12, choline, zinc, selenium and bioavailable heme iron. It can be used as an occasional substitute for other lean meats, eggs, seafood and tofu. The potential for residual hormones used in beef production is less than that found in soybeans and eggs. Amounts are regulated by the U.S. Department of Agriculture and are well be-

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Major Hit Piece on Beef Industry Published...

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safer than ever. Fecal contamination is obviously the most disgusting kind of contamination on earth -- but it also vastly increases the risk that beef will spread E. coli bacteria, which lives in the intestines of cows. Here's a startling extract from the article on fecal contamination:

Federal inspection records obtained by The Star under the federal Freedom of Information Act include hundreds of references to fecal contamination problems over the last two years at four of the largest beef slaughter plants in Kansas, Nebraska and Colorado. For example, at one of Tyson's beef plants, inspectors noted: "massive fecal contamination; multiple carcasses with varying degrees of fecal contamination; periods of very significant fecal, ingesta and abscess contamination."

Another federal inspector at Tyson found "a piece of trimmed fat approximately 14 inches long with feces the length of it," and another noted, "fecal contamination ...was so great ...couldn't keep up."

One thing that isn't helping matters is the increasing use in the beef industry of mechanical tenderizing techniques, which use automated blades and pounders to tenderize tough beef -- and drive E. coli away from the surface, where it's most likely to be killed by cooking, and toward the center of a cut of meat.

The Star's reporters also discovered that most cattle are fed a veritable cocktail of drugs designed to increase the efficiency of beef plants, at the possible cost of human health. About 90 percent of the cattle at major facilities are fed beta blockers that make them grow faster, but pose risks to human cardiovascular health. And the overwhelming majority of cows at large plants are given antibiotics that help them put on weight faster, but may also contribute to the spread of

antibiotic-resistant bacteria in humans.

So at this point you may be wondering -- if this is all as bad as it sounds, then why isn't it illegal? But the Kansas City Star has an answer for that, too: the USDA and the meat research industry are in the industry's pocket. A full 30 percent of the \$71 million that land grant colleges in beef-producing states in the Great Plains spent on beef-related research was given to them by beef-producing corporations, for example. ■

Hogs Increase on Signs of Rising Demand for Pork; Cattle Advance

Bloomberg - Hog futures climbed on speculation that lower pork prices will encourage U.S. consumers to favor the meat over more costly beef. Cattle rose.

Wholesale pork prices slumped 3.9% last week to 81.72 cents a pound, the biggest slide since Nov. 16, while wholesale beef added 0.9% to \$1.9469 a pound, USDA data show. Cattle futures jumped 13 percent in the past six months as supplies tightened, reaching record highs the past three sessions.

"If the cattle can continue to move higher, eventually that should spell at least better demand in the pork sector down the road," Mark Schultz, the

chief analyst at Northstar Commodity Investment Co., said in a telephone interview from Minneapolis.

Hog futures for February settlement increased 0.1 percent to 84.8 cents a pound on the Chicago Mercantile Exchange last week. Prices are up 0.5 percent this year through yesterday.

Cattle futures for February delivery climbed 0.2 percent to \$1.3375 a pound, after reaching \$1.3405, the highest ever for the most-active contract. Prices are up 9.9 percent this year through last week.

Feeder-cattle futures for January settlement rose less than 0.1 percent to \$1.54325 a pound on the CME. ■

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Beef Can Actually Be Healthier...

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low what is produced by the human body. The incidence of *E. coli* 0157:H7 in fresh ground beef has also declined over the last 10 years. The best defense against food poisoning is to cook the meat to at least medium (155 degrees Fahrenheit for 15 seconds).

Myth: Eating beef causes cancer.

Fact: Obesity, physical inactivity and charcoal grilling of beef have been linked to increased cancer risk. Although a study linked beef consumption with increased risk of cancer, it's not possible to conclude from this study that eating beef is a cause of cancer. The results do support the need for additional research on the role of overall beef intake in the development of some cancers.

Myth: Beef causes strokes in men.

Fact: While one cohort study indicated that processed meat consumption was positively associated with risk of stroke, fresh unprocessed red meat wasn't. Sodium may explain the observed positive association between processed meat consumption and risk of total stroke. Men at high risk of stroke from processed meats may also have

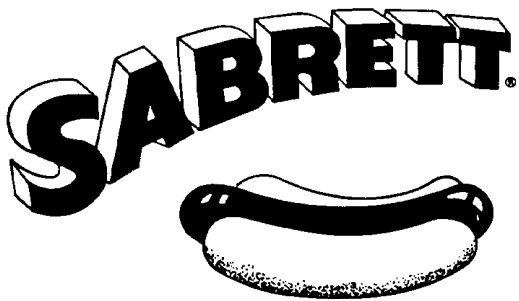
other unhealthy habits and behaviors.

Myth: Beef is high in cholesterol, higher than other meats.

Fact: A high intake of saturated fat and cholesterol in the diet has been shown to raise blood total and LDL-cholesterol concentrations. Egg yolk, shrimp and squid provide close to 200 milligrams in cholesterol in typical 3.5-ounce servings. Beef is high in saturated fat, but with about 25 milligrams of cholesterol per ounce; the same amount of cholesterol as in an equivalent serving of chicken (no skin) or a pork chop. Three ounces of lean beef (90 percent lean meat/10 percent fat) will have about 9 to 12 grams of total fat, 4 to 5 grams saturated fat, 1 gram of trans fat, 30 milligrams of Omega 3 fatty acids and over one-third of the zinc most people need each day for 170 to 185 calories.

Myth: Most U.S. beef cattle aren't pasture-fed.

Fact: Cattle eat plants. Some animals are confined on feed lots and fed corn, which doesn't contain as much Omega 3 fatty acids as other plant sources. Most U.S. beef comes from pasture-fed, grain-finished cattle. ■



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And though this year's drought was unusually severe, experts predict that extreme weather will become a more common occurrence. In addition, corn has been diverted for use in ethanol for vehicle fuel, raising the price of animal feed -- and thus of meat.

Another reason Tyson's chicken business did so well could be that it came at the expense of its sales of beef and pork, which declined 2.4% and 7.8% respectively. The sluggish economy is to blame -- those are pricier meats -- but the slowdown could also be part of a longer-running trend. Burgers may be an all-American dining staple, but beef sales in the US have been declining since the 1970s.

All this means Tyson has been starting to focus on markets outside of the US. This makes sense, given that as the middle classes in emerging markets grow, they eat more meat. Pork exports from the US grew 40% in 2008 and are expected to have another record year. China now consumes twice as much meat as the US, and Chinese chicken consumption is set to exceed 13 million tons this year. Tyson has foreign start-up businesses in Brazil and China, and in its earnings report it pledged to continue to make significant investments in the development of foreign operations. ■



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