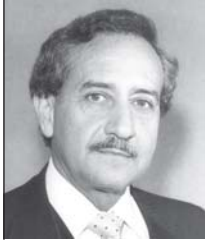


# MEAT <sup>AND</sup> POULTRY

MEAT & POULTRY IS THE NEWSLETTER OF THE MEAT TRADE INSTITUTE ♦ JUNE 2008  
213 SOUTH AVE. EAST, SPENCER BANK BUILDING ♦ CRANFORD, NJ 07016 ♦ PHONE: 908-276-5111 ♦ VOL 32 NO. 3

## The President's Message



By John Calcagno  
Institute President

### **Labor Negotiations Underway**

It is labor negotiation time again. I have been in contact with Local 342 regarding the General Industry Contract and Wholesale Contract. Discussions are just beginning. I will keep you informed as talks progress.

Please contact the Institute office with any comments or concerns regarding negotiations.

### **Exports Continue Upward Trend**

U.S. red meat exports continued their strong showing in the first quarter of 2008 with an increase of 41% in pork exports and 29% in beef (including variety meat), according to the U.S. Meat Export Federation (USMEF).

We're seeing continued strong performance in both sectors. The weak U.S. dollar is certainly a factor, and gains are being made despite the growing shortage of shipping containers to take our exports to overseas markets. That issue may become more significant in the second quarter, particularly as the South Korean beef market begins to heat up.

### **U.S. Pork Exports**

Pork exports for the first quarter totaled 366,411 metric tons (807.7 million pounds), 39% more than the first quarter of last year. When combined with 87,631 metric tons (193.2 million pounds) of pork variety meat exports (up 54%), the U.S. pork industry sold

*(Continued on Page 4)*

## **Government Bans Meat Plant Slaughter of Sick Cows**

Agriculture Secretary Ed Schafer announced a total ban on the slaughter at meat plants of cows too sick or weak to stand.

The planned change comes in the wake of the nation's largest beef recall which critics call a loophole that allows a small number of so-called downer cattle into the food supply if they pass veterinary inspection.

Downer cows pose increased risk for mad cow disease, E. coli and other infections, partly because they typically wallow in feces. They are already mostly banned from slaughter, but under current rules can be allowed in if they fall down after passing an initial veterinary inspection, and then are re-inspected and pass that second inspection, too.

Some lawmakers and the Humane Society of the United States have lobbied Schafer to eliminate that exception, and the meat and dairy industry last month reversed its opposition and endorsed the change too. Texas is the nation's largest cattle-

producing state.

Schafer announced the planned new rule to reporters following a 60-day review of conditions at the nation's slaughterhouses. The department hopes to finalize the rule within several months.

The review was prompted by a 143 million-pound beef recall in February, ordered after the Humane Society released undercover video showing employees abusing downer cows at Westland/Hallmark Meat Co. in Chino, Calif.

Downer cows at the plant were forced to slaughter without the required second veterinary inspection, which is why the recall was ordered. Agriculture officials have insisted that there was minimal if any health risk.

Schafer said that no such violations have been found at other slaughterhouses. He said the rule change is not being done for public health reasons but should increase consumer confidence by eliminating confusion about the handling of downers.

## **Chicago Company Recalls Meat for E. Coli Concerns**

Federal officials say a Chicago-based company is recalling beef products distributed in 11 states because of possible E. coli contamination.

The U.S. Department of Agriculture said on Saturday, May 17th that no illnesses have been reported from the meat, produced by JSM Meat Holdings Co. The agency was uncertain how much meat is being recalled.

The meat being recalled is used in ground beef products. Included are 30-pound and 60-pound boxes and 47-gallon barrels of "MORREALE MEAT"

beef products. The products have the number "EST. 6872" inside the USDA mark of inspection.

The products have 15 different labels including, Boneless Chucks, Boneless Clods, Flat Rounds, Gooseneck Rounds and Knuckle.

A message left for a company spokesman by the Associated Press after business hours wasn't immediately returned.

The states affected are Florida, Georgia, Indiana, Iowa, Massachusetts, Michigan, Missouri, Nebraska, Pennsylvania and Wisconsin.

## *Credit Briefs*

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### **Deli Stars, LLC — Paterson, NJ—**

One of the attorneys assisting Deli Stars LLC through its Chapter 11 bankruptcy proceeding told SEAFAX April 29 that the official committee of unsecured creditors agreed to back down from its objection to the debtor's request for an extension of its exclusivity period, at least for a short time.

According to the attorney, a consent order is to be submitted to the court, allowing Deli Stars some additional time to proceed with its reorganization and sale efforts. Although not yet on the court docket, the attorney told SEAFAX he believes the committee consented to give Deli Stars until late May to exclusively present a restructuring plan. Deli Stars sought the right to move the deadline for filing a Chapter 11 plan of reorganization to July 10, an extension of 90 days from the former deadline.

Since filing for bankruptcy relief December 13, Deli Stars has incurred a total net loss of \$630,858 on \$1.34 million in sales.

### **Levonian Brothers, Inc. — Troy, NY —**

Levonian Brothers proposes four-year payout to creditors. Levonian Brothers Inc, which admits it owes \$4 million to its creditors, conveys it still plans to pay all trade suppliers in full, but told SEAFAX it will need 48 months to do so.

The financially challenged foodservice distributor entered into a relationship April 21 with Bronx, NY-based Fancy Foods Inc. whereby Levonian Brothers is a purchasing rep and sales agent for Fancy Foods.

The designations of purchasing representative and sales agent, Robert Corazza, president of Fancy Foods, explained to SEAFAX apply only to the customer base that Levonian had in place as of April 21 and for any new customers it may develop for Fancy Foods subsequently.

Corazza explained that as of Monday, April 21, Fancy Foods took responsibility for all purchases made by Levonian Brothers from that point forward.

Levonian Brothers was not profitable for fiscal 2007 and previously told SEAFAX it was streamlining its business to reduce expenses and manage the losses. The entity attributes its financial problems to poor market conditions and the loss of accounts. Levonian Brothers' suppliers report a recent history of slow pay, returned checks and shut offs.

### **Old World Provisions, Inc — Albany, NY—**

Old World Provisions completes acquisition of Troy company. Old World Provisions Inc completed its purchase of Troy, NY-based Fritz Helmbold Inc May 8, according to Marilyn Widmer, who joined Old World Provisions from Fritz Helmbold as the new division's brand manager.

Neither entity disclosed the financial terms of the deal, but SEAFAX learned it was structured as an asset purchase and the Fritz Helmbold business now functions as a division under Old World Provisions.

Widmer conveyed that suppliers should see no interruption in payments

and that all of Fritz Helmbold Inc's liabilities are being paid in the normal course of business and under the usual terms.

Widmer told SEAFAX that the two companies' product lines compliment each other. She also said that the transaction allows Old World Provisions access to a wider array of meat products and the new owner plans to eventually take the Helmbold brand from a regional to a national name.

Following the combination of the two businesses, Mark Shuket, president and chief executive of Old World Provisions, remains in that role. Kurt Widmer, Fritz Helmbold Inc's president, is no longer involved with day-to-day operations at the new division, although Widmer's two daughters, a son and a son-in-law will continue working at the company.

Old World Provisions said it retained Jerry Viasner, a 35-year industry veteran, as the Troy divisional location's plant manager. Although SEAFAX was not able to reach Shuket for further discussion, he told the Albany Times Union newspaper that he plans to invest in equipment and expand Helmbold's building as he seeks to grow the business. Shuket also told the local newspaper he plans to introduce a new brand of hot dogs, using Helmbold's equipment and a recipe from his grandfather.

Old World Provisions presently employs 30 at its Albany plant and the Helmbold operation employs 15 people. The entity's plans call for an increase in the work force of up to 20% before the end of the year.

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## Grocers Stick with Traditional Meat Cuts

Retail grocers around the U.S. are aiming to stick with traditional meat items in their advertisements through the Independence Day holiday.

It's not that they wouldn't be willing to try something new, the analysts said. But other cuts, which always are available even if they aren't advertised, just don't sell well enough to give grocers any hint that they should try to push them.

The next holidays through Independence Day are considered to be grilling events, so grocers will focus on these products.

At this time of the year, the backyard grill is king, analysts said. And of all the meats that work well on the grill, be it beef, chicken, pork or prepared meat products, the king of meat products for the grill is beef. Pork and chicken also work well and are quite popular, the analysts said.

### BEEF

Recent clearance of beef from retail cases has been said to be about on par

with a year ago. However, market analysts and beef buyers said there have been times when sales were disappointing. Many accused the weather of cutting into potential demand by robbing consumers of the pleasure of using their backyard grills. Cool, damp weather this spring has plagued many major consuming areas and kept consumers indoors for meal preparation.

However, seasons come and go, so grocers are preparing for the upcoming Memorial Day and Independence Day holidays, which flank the Father's Day observance, analysts and buyers said. As Memorial Day approaches, grocers are already turning out more ads for ground beef, hot dogs and steaks for the grill.

### PORK

Pork cutout values continue to rise as retail buyers book product at a steady pace for the upcoming holidays, market analysts said. Pork demand appears to have grown over the last year, and retailers

and shoppers will pay more to keep it on the shelves.

Part of pork's appeal continues to be its generally lower price relative to beef, the analysts said. This continues to be the case, so a portion of the increased demand for pork can be ascribed to beef's stronger demand.

And, while grocers are expected to keep beef front and center in their weekly advertising promotions through the Independence Day holiday, pork ads may rule the inside pages in terms of square inches, market analysts said.

### POULTRY

As grocers seek to offer a steady stream of attractively priced meat products, chicken will always have a part, market analysts said. In addition, many consumers prefer it to red meat. But for economists and market analysts, it's the price differences that tell the tale. Higher beef prices for the next few weeks starting out the summer will provide options for more chicken.



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## The President's Message

(Continued from Page 1)

454,042 metric tons (1 billion pounds) valued at more than \$1 billion to international markets. March exports of 149,391 metric tons (329.3 million pounds) were second only to the monthly record set in February of 2008.

### U.S. Beef Exports

In the first quarter of 2008, U.S. beef exports increased 37% over the first quarter of the previous year to 117,730 metric tons (259.5 million pounds) and beef variety meat exports increased 19% to 79,913 metric tons (176.1 million pounds) for a combined 29% increase to 197,643 metric tons (435.7 million pounds) – a 40% increase in value to \$682.7 million.

March exports of beef plus beef variety meat totaled 67,669 metric tons (149.1 million pounds) compared to 51,005 metric tons (112.4 million pounds) last year and 99,189 metric tons (218.6 million pounds) in 2003. Mexico and Canada remain the top two markets: exports to Mexico are up 21% for the quarter to 97,353 metric tons (214.6 million pounds) valued at \$328.7 million while exports to Canada are up 64% to 32,449 metric tons (71.5 million pounds) valued at \$145.4 million.



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