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Texas Cooperative Extension, The Texas A&M University System

Master Marketer Highlights

Vernon Master Marketer Program

The next Master Marketer program will be in Vernon. The first of the four 2-day sessions will be January 20-21. This will be the third time the program has been offered at Vernon. For registration information, please contact Stan Bevers at 940-552-9941.

Advanced Topic Series (ATS) Workshops

Approximately eight ATS programs will be presented in the next year with a one or two-day format, depending on the topic. The topics will include developing a marketing plan, advanced futures and options, advanced technical analysis and pulling the trigger.

Tomorrow's Top Ag Producers Program (TTAP)

The third of four sessions of the current TTAP program will be held November 10-13, 2003, in Dallas. This session will explore marketing and risk management and the various strategies that are available. An optional leveling workshop on futures and options will be offered before the beginning of the third session.

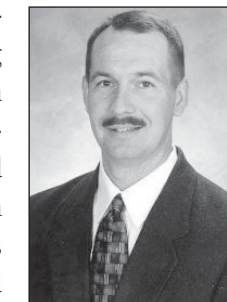
Industry Review Committee (IRC) Meeting

Graduates and sponsors of the Master Marketer program met in Amarillo on July 21-22 with the Master Marketer committee to evaluate the current status of the program and provide input into the future direction of the program. Many ideas were discussed on how to better "market" the program. One important suggestion made by the key sponsors of the program was to not emphasize the requirement of starting a marketing club. We will continue to stress the value to the graduates of their involvement with a marketing club, but we will drop the requirement.

Marketing Club Corner

By Rob Borchardt

You may remember back in February when I sent you a letter soliciting nominations for the County Extension Agent of the Year Award for Marketing Club Support. This annual award is given by the Master Marketer Team to recognize County Extension Agents who have developed and/or supported innovative educational programs through their involvement in county-based marketing clubs. Well, some of you responded (thank you) and I received sixteen letters nominating eight different agents. Half of those responses were in support of this year's winner – Scott Strawn, CEA-Ag, Ochiltree County (Perryton). Congratulations to Scott and his club for their hard work and dedication. Scott was presented a plaque and check for \$500, sponsored by Bayer Crop Science. Next quarter, I'll highlight the Ochiltree County club to give you some idea of what makes it so successful.



Now, let me tell you about an activity that some of you may be interested in. My counterpart in Montana has developed an online trading simulation that individuals or clubs can use. This is a free service and all you have to do is sign up. Log on to www.commoditychallenge.com and click on the sign up button. Once you are registered, you'll reach a page that says, "Congratulations, you are signed up for Commodity Challenge" where you will be provided with your user name and password. You can join any simulation that is already in progress or if you want to "play" as a group, we can set up a game specific to your location (with some limitations). You'll start the game with a certain quantity of one or more commodities and go through to the next harvest with the charge of marketing all your production before the simulation ends. You'll have the

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What to Watch For

The first thing producers can do is to start examining various record keeping systems that might provide the needed information in a useable format. It will also be helpful to think about what additional records need to be kept. That is particularly true because calves that were born this Spring would go to slaughter after the September 30, 2004 mandatory COOL startup date.

A number of legislative issues will be arising on the issue. Congressman Peterson of Wisconsin has already crafted a bill that could make COOL easier to comply with. Of course, Congressman Bonilla has introduced language into the agricultural appropriations bill to strip funding for developing mandatory COOL for beef, pork, and lamb.

In addition, the draft of the mandatory COOL regulations will be coming out soon. Its release will help clarify what will be required of producers.

Perhaps the most important thing for a producer to do is to plan to become a preferred supplier of cattle and calves. More records and the right records will be a must to develop that reputation with your customers.

In short, we may not know what the rules are yet, but we know they are coming and now is the time to begin planning.

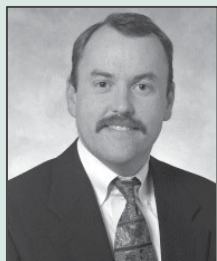


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Country of Origin Labeling

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Country of Origin Labeling, or COOL, as specified in the 2002 farm bill is probably the most divisive issue in agricultural policy to come along in a long while. It has pitted many of the livestock and farm organizations against one another as the sides have been drawn up. COOL will continue to be a hot topic in coming months as USDA releases its regulations for compliance and as various bills and amendments are proposed in Congress.

Where Are We Now?

The 2002 farm bill mandates that retailers must inform consumers at the final point of sale of a covered commodity of the country of origin of the product they are buying. Covered commodities include muscle cuts and ground beef, pork, lamb, farm raised and wild fish and shellfish, peanuts, and fruits and vegetables. While voluntary guidelines were released in October 2002, mandatory COOL is required to be in place on September 30, 2004.

The law exempts ingredients in processed food products, poultry, dairy products, and meat destined for the hotel, restaurant, and institutional trade (HRI). For beef, HRI and processed foods may amount to 70 percent of the beef sold in the US. That means that COOL would only apply to about 30 percent of the beef sold in the US.

To be labeled as being of US origin the meat must be born, raised, and slaughtered in the US. That rules out feeder cattle from Mexico that spend most of their lives in the US on grass and feedlots and are slaughtered here. It also excludes cattle from Canadian feedlots that are slaughtered in the US.

Mixed products, such as hamburger, requires a label that details the origin of the beef used, in the order of importance or quantity. An example of this label might be "product of USA; product of Australia; product of Canada; born and raised in Canada and slaughtered in USA."

USDA's voluntary guidelines require that all suppliers must provide information about country of origin. Information must be third party verified and be auditable. One of the controversial issues is that self certification has been deemed insufficient to maintain a verifiable audit trail for country of origin.

One of the other points in the law is that the Secretary of Agriculture shall not use a mandatory identification system to verify country of origin. But, as letters to producers have shown, while the Secretary shall not use a mandatory system, companies that market beef are going to require some kind of identification system.

The Devil is in the Details . . .

Or in this case the implementation. The truth is that there is a lot that we don't know at this time. The regulations for mandatory COOL are being formulated at the time of this writing. Without those rules no one knows for sure what is going to be required of them.

Most would agree that there are going to be costs associated with implementing COOL. Estimates range from \$200 million to \$6 billion dollars in startup costs with annual record keeping costs on top of that. But again, we don't know yet what is going to be required. Much depends on the implementation.

Much of the hopes surrounding COOL hinge on the thinking that consumers will prefer products with a US label on them and will pay extra for US products. It is hoped that those benefits would outweigh the costs of implementation. However, the research is spotty, at best, on the issue. There has been some experimental research with small groups of consumers that suggests that consumers might be willing to pay more for a US labeled product. However, the nature of the research leaves a lot of room for doubt about the findings.

The recent BSE cow in Canada may provide even more impetus for an identification system, but for reasons other than COOL. Homeland security and animal disease issues may force some kind of system on the industry.

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GO TO BRAZIL
A Farm Business Tour

Approximately March 6-20, 2004

We leave from and return to **Chicago** or **Dallas**

- See land clearing - taking land from trees and brush to soybean fields
- See soybean harvesting and corn planting in the same field at the same time
- See how Brazil raises soybeans and corn - really big fields
- Learn to be thankful for the U.S. road and transportation system
- Learn to be thankful for the quality of our food and medical services
- Compare the economics of soybean production in Brazil with the U.S.
- Enjoy excellent Brazilian food and wonderful culture

Seven of us went to Brazil last year to see this beautiful country. We are going again. We saw some very interesting farming, culture, and geography. Much of the agricultural production system is on par with top U.S. farm operations, the most modern - machinery, seed breeding, research stations. But we also saw wood being used as grain drying fuel, donkey drawn carts, horrible roads, and diesel powered electricity generators where no power lines existed.

We will be in the countryside of a developing country. If you need first quality hotels, service, and want to wear dress shoes and a necktie, don't go with us. If you want to walk in the fields, see mechanics working on equipment, walk around grain elevators and talk to farm operators, eat with Brazilian farm workers on the farms, look at some beautiful agricultural operations, and look at some undeveloped countryside, we expect you will enjoy this trip as much as we did last year.

We will have 2 English speaking Brazilian guides; an agronomy student who raises soybeans on his farm and knows about both production and economics, and a horticulturist who understands Brazilian production methods.

If you have any questions, call any of us.

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opportunity to sell in the cash market and buy and sell in the futures and options market. The futures/options prices used are "real" delayed quotes and there are cash locations in the Texas Panhandle, South Plains, Rolling Plains, Fort Worth and the Gulf. Commodities that can be traded are wheat, sorghum, corn and beans. They are working on a cattle simulation, but it is not available yet. If you'd like to set up a specific simulation, you can contact them directly by going to the "Contact Us" page, or you can call me.

Here is one more activity that some of you who are computer savvy may want to be a part of. At the request of several graduates who were at our recent Industry Review Committee meeting, I am in the process of setting up a forum (discussion board) on the Master Marketer website. The purpose of this discussion board is for graduates of the Master Marketer Program and marketing club members to interact with one another. Any member can post a question and any member can answer a question. All you need to do is log on to the Master Marketer website <http://mastermarketer.tamu.edu> <<http://mastermarketer.tamu.edu/>> and click on the link "Discussion Forum". Then, click on the "Register" link and provide your registration and profile information. Once you submit your registration, I will approve your registration. Feel free to contact me anytime if you have questions.

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