

Natural-Organic-Grass fed Beef Cattle Definitions and Regulations

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Introduction

Today's consumer has more choices of products to purchase than any other time in history. Diversified product lines can be found everywhere in the economy from automobiles to clothing lines. This same phenomenon is also alive and well in the meat sector. Only a few short years ago the consumer was limited to only fresh or frozen commodity beef items in the retail case that may or may not be differentiated amongst one another by quality grade. However, a quick trip to today's urban supermarket would yield a variety of beef products that not only include fresh, but possibly pre-marinated, pre-cooked, or marketed under a specific brand name. The changes in marketing strategy have occurred due to increasing demand for quality and convenience by the beef consumer. Although quality and convenience have been the main driving forces behind product differentiation, "Organic" and "Natural" product lines are also gaining market share. Consumers who seek products that are "Organic" or "Natural" are concerned about preservatives, pesticides, hormone use, and how animals are treated in the production phase. Even though most sound science agrees that the use of preservatives, pesticides, and hormones, which when used in a judicious manner maintain wholesomeness of meat products, there are consumers who are willing to pay for products without them.

Regulatory Requirements

The United States Department of Agriculture (USDA) is responsible for food labeling integrity through the Food Safety Inspection Service (FSIS). The FSIS requires that labels be truthful and not misleading to the consumer. Therefore, the FSIS limits the use of the term "Natural" and "Organic" to foods

that comply with USDA standards. The term "Natural" is reserved for items that contain no artificial ingredients, coloring ingredients, or chemical preservatives; and the product and its ingredients are not more than minimally processed (USDA FSIS 2005). However, these constraints only apply to the physical meat product and in no way does it refer to how the animal was produced (USDA FSIS 2006a). Therefore, the use of hormones, pesticides, or antibiotics are not included in the USDA definition of "Natural." The use of the term "Natural" is managed and enforced by the FSIS. To the contrary, the term "Organic" is not managed by the FSIS, but by the USDA Agricultural Marketing Service through a third-party certifying agent. The term "Organic" is restricted to those items that were produced under the National Organic Standards as set by the Agricultural Marketing Service under the National Organic Program (USDA AMS 2006a.).

The National Organic Program has several requirements that must be met before a product can be certified USDA Organic. Requirements for "Organic" livestock production are divided into subject specific categories including; land use, soil fertility and crop nutrient management, origin of livestock, livestock feed, livestock health care, and livestock living conditions. Generally for a livestock producer to attain "Organic" status his/her land must not be treated with herbicides, pesticides, commercial fertilizers, or other synthetic compounds for a period of no less than three years. Additionally, the livestock which are to be produced must be handled as organic from the last third of gestation or from hatching in the case of poultry. All feed used for growing and finishing livestock must be organically grown and must not contain urea, mammalian or poultry by-products, hormones, or antibiotics. Furthermore, no animal drugs including growth hormones may be administered except for

vaccinations in the absence of illness. However, a producer may not withhold medical treatment to sick livestock to preserve “Organic” status. Finally, livestock must have access to the outdoors and be provided with shade, exercise areas, fresh air, and direct sunlight. It should be noted that the aforementioned requirements are not an exhaustive list of the National Organic Standards. In order to become a certified “Organic” producer one must work with an accredited Organic Certification Entity. It is the job of the certifying agency to make sure that all of the requirements found in the National Organic Standards are met. This service is not paid for by USDA and therefore the cost of certification is the sole burden of those wanting to produce USDA certified Organic products. The USDA Agricultural Marketing Service maintains a list of all of the Accredited Certifying Agents and can be found on the USDA website at <http://www.ams.usda.gov/nop/CertifyingAgents/Accredited.html>.

Many producers have gone above and beyond the requirements for “Natural” as it is defined by USDA, and have decided to market products that do not fit the “Organic” claim, but may have for instance been raised without added hormones. For this specific case, the term “Raised Without Added Hormones” can be applied to a label and is defined by USDA as an Animal Production Claim (USDA FSIS 2006b). Animal Production Claims are regulated and enforced by the FSIS and do not need to be certified by a third party. Other examples of common Animal Production Claims are: “No Hormone Implants Used in Raising,” “No Antibiotics Used in Raising,” “Corn Fed,” “Fed An All Vegetable Diet,” “Grass Fed,” “Raised In An Open Pasture,” and “Free Range.” These claims are subject to the same rules as “Natural” in the context that they must be truthful. Therefore, a producer is required to sign a testimonial as to the production claim in question and this record is then retained by the company with the label approval.

The USDA-FSIS is in charge of the labeling of meat and meat products. In this charge, FSIS is required to maintain the integrity of the labels on meat and meat products as per the Federal Meat Inspection Act. So, unless the products for example are indeed USDA Certified “Organic,” the term “Organic” cannot

be used to market a product in any manner and is subject to fine and or imprisonment as a violation of the Federal Meat Inspection Act. These same rules apply to both “Natural” and “Animal Production Claims” in the same manner, for example that net weight and ingredients must be stated.

Marketing

Although “Natural” and “Organic” products are still considered by some as a niche or small market, this mentality is rapidly changing. I would consider the evolution of the “Natural” and “Organic” market on the same evolutionary path as branded beef. For example, Certified Angus Beef was established in 1978 as the nation’s first branded beef program certified by the USDA’s Agricultural Marketing Service (USDA AMS 2006b.). Although Certified Angus Beef started with very meager offerings, in 2005 they marketed 533 million lb of beef through its sales licensees (CAB 2005). Furthermore, the number of branded beef programs has grown at an exponential rate during the last four decades with the most growth during the current decade. Currently there are 43 branded beef programs registered with the USDA’s Agricultural Marketing Service of which 30 were started after January 1, 2000 (USDA AMS 2006b).

Natural products with Animal Production Claims have seen the most market share increase primarily because they are more competitively priced with commodity beef than “Organic” products. This price advantage is directly related to the much more restrictive production environment for “Organic” products. One of the major “Natural” beef producers with Animal Production Claims is Maverick Ranch Beef which has been marketing their “Natural” hormone and antibiotic free beef since 1986 (Maverick Ranch, 2006). Although it started as a very small enterprise in 1986, Maverick Ranch Beef can now be found in over 2,000 retail grocery outlets [including the Supermarket I Shop on Archer Road in Gainesville]. In fact, in the short year and a half I have been employed at the University of Florida, I have watched a drastic increase in Maverick Ranch Beef offerings in my local supermarket’s meat case.

Another fine example of the evolution of the

“Natural” and “Organic” movement is Whole Foods Market an Austin, Texas-based supermarket chain that was founded in 1980 (Whole Foods Market 2006). Whole Foods Market had an idea that people were willing to pay more for “Natural” and “Organic” products. Evidently they were right as they now have 181 stores in North America and the United Kingdom with sales of \$4.7 billion in 2005 with expected sales growth to reach \$12 billion by 2010. As you might imagine, Whole Foods Market is currently the largest of the “Organic” and “Natural” retailers in the United States, and is a Fortune 500 company.

If you still think that “Organic” and “Natural” are not main stream then you may be surprised to learn that Certified Angus Beef, along with Tyson Fresh Meats, announced in January 2006 that they would combine their efforts to launch a “Natural” Angus line of products (CAB 2006). This product line will be Angus beef that has never received antibiotics or hormones and has received a 100% grass and grain diet. Two different product lines will be marketed out of this joint venture. The Certified Angus Beef Brand Natural Beef will have to conform to the same carcass requirements as traditional Certified Angus Beef. As a result, the cattle that do not qualify for Certified Angus Beef will be marketed by Tyson Fresh Meats as Star Ranch Natural Angus Beef.

Summary

It is clear that a growing number of Americans demand beef products that are produced under “Natural” or “Organic” conditions. It is possible that urban consumers are trying to get in touch with their long lost rural side or they may be concerned with negative media coverage of current production practices such as subtherapeutic antibiotic use in livestock feed. Regardless of the reason, they are more than willing to pay more for “Natural” and “Organic” products. Therefore, even though the “Natural” and “Organic” markets are small in comparison to the larger commodity beef markets, these markets are gaining ground very rapidly and may become a viable marketing option for cattle producers in Florida. However, individual beef producers will have to weigh the benefits of increased market access of “Organic” and “Natural” products with the deficits in production

efficiencies, the coordination needed to get cattle to the end user, and increased levels of government oversight.

References

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