

PROBLEMS OF THE TEXAS BEEF INDUSTRY

The Texas Beef Industry is second only to crude oil as a source of income for the state. But the Texas Beef Industry is in a crisis, facing multiple challenges which could greatly decrease the competitiveness of Texas beef in the next century. Texas' diverse land and vegetation regions constitute both strength and weakness with regard to efficient beef production. Diversity in alternative production systems enhances accomplishment of multiple goals but necessitates best management plans be region- or site-specific. Texas stakeholders require risk assessment/ management models derived from research databases. Primary stakeholder concerns are listed below and must be addressed now.

Low Net Returns/High Production Costs. Increased cost of inputs and production inefficiencies result in low net returns. Cost-effectiveness of managerial options and productive efficiency of operations must increase. Elements of this problem include inability of producers to effectively manage natural resources and energy/nutrient flow to enhance production efficiency, failure of communication linkage/information flow between stages/phases of the production- marketing chain and low rate of adoption of sound production technology.

Product Inconsistency. Inconsistency of product refers not only to variability of consumer eating experiences with beef, but also includes lack of predictability of performance of cattle (intermediate products) in different production phases, as well as other areas where excessive variation causes problems of inefficient production and/or undesirable outcomes.

Markets Not Value-Based. Current marketing of beef cattle does not sufficiently reward sellers of cattle which meet or exceed appropriate value criteria nor adequately penalize sellers of poorer performing, lower value animals. Valid value-based marketing would implement pricing based on "value" of all intermediate products of the several phases of beef production from conception to consumption; "value" is determined by potential for future use, performance and related characteristics.

Marketing and Competitiveness. Economic forces internal and external to the beef industry impact profitability of all phases. Considerations include internal and external changes in ownership of cattle and products, regional competition and perceptions of value as well as the many factors affecting supply and demand.

Insufficient Sensitivity to Consumers. The beef industry should be consumer-driven. All phases of the beef industry should be responsive to the needs and wishes of customers and potential

customers. Elements of this problem include reluctance of beef producers to replace traditional practices, failure to adequately address consumer ideas and concerns about health and diet issues and inability to anticipate and meet consumer needs and desires relative to attractive and convenient products or end-user satisfaction.

Lack of Consumer Confidence. Consumers have little confidence relative to the safety and healthfulness of beef. This is a problem partly of perception, partly related to diet-health statements about beef, but also partly due to incidents which should be absolutely prevented in the future. Elements of this problem include failure of production managers to consider the entire continuum of beef production, inability or unwillingness of the current industry to eliminate all cases of beef contamination, lack of marketing materials based on the nutritional properties of lean beef and related considerations.

Environmental Management and Sustainability. Environmental problems of beef producers refer not only to the multiple impacts of confined animal feeding operations but also to the need for good stewardship of all natural resources impacted by beef production operations. Beef operations must be managed to enhance production while protecting the public's environmental interests through assurance of environmental sustainability.

Diversity of Producer Goals. Profit is a goal of many beef production operations. However, other goals include property preservation, recreation and lifestyle. Conflict among results of management decisions based on different producer goals is a concern. Chronic cyclical and seasonal price fluctuations and low to negative producer profit margins have been attributed to the existence of a) large numbers of beef cattle producers who are not sensitive to low and negative profit margins because of other motives for producing cattle and b) very small and widely dispersed production units.

Compatibility with Resource Use Alternatives. Resources available to farmers and ranchers often have multiple alternative uses other than for beef production, such as rowcrops, wildlife, recreation, ecotourism, etc. Increased compatibility of beef production activities with these alternative uses is needed to enhance overall productivity and revenue to owners.

Note: The Texas A&M University Agriculture Program Beef Industry Team prepared this document from reviews of papers and position statements of several beef industry organizations along with inputs of team members.