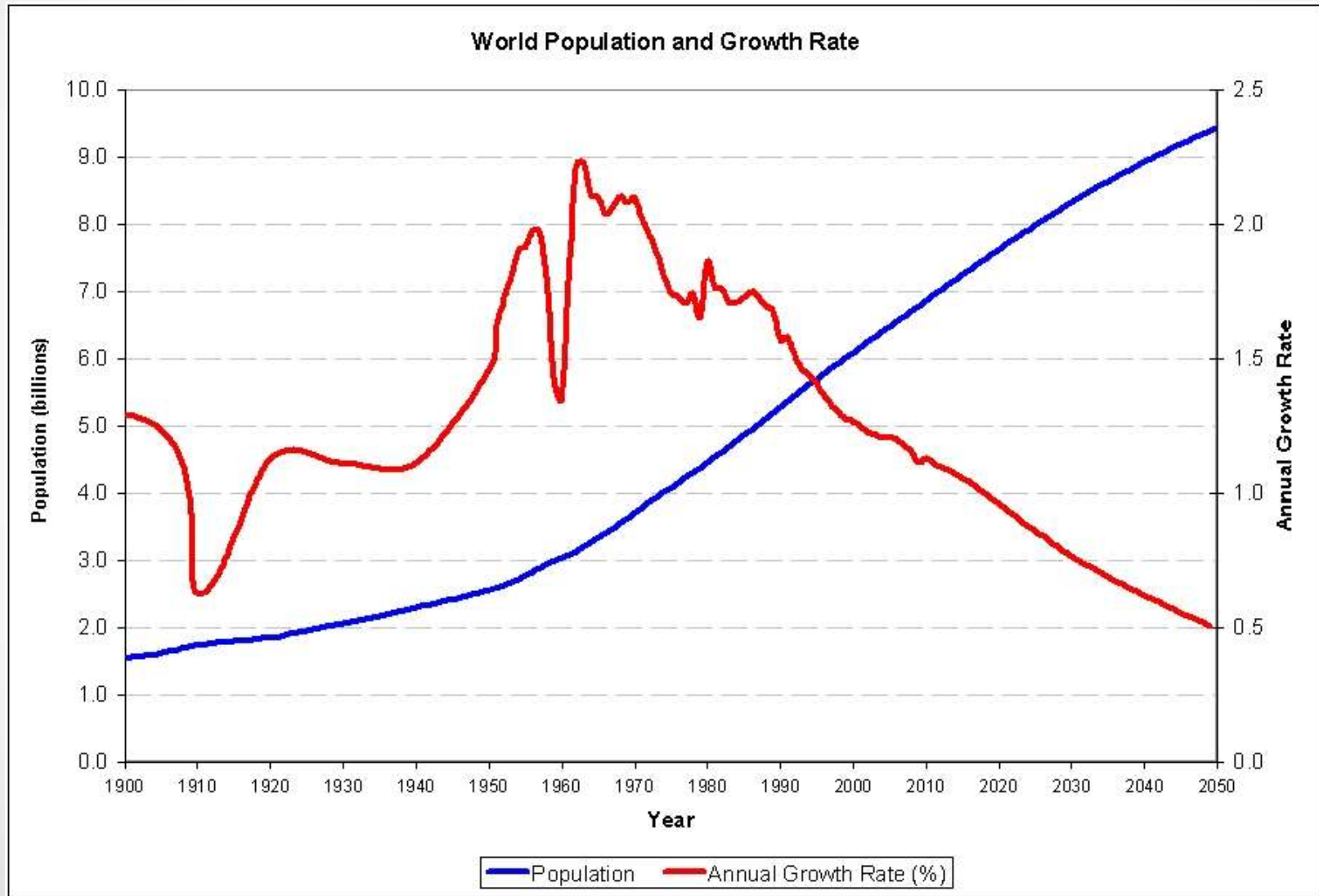




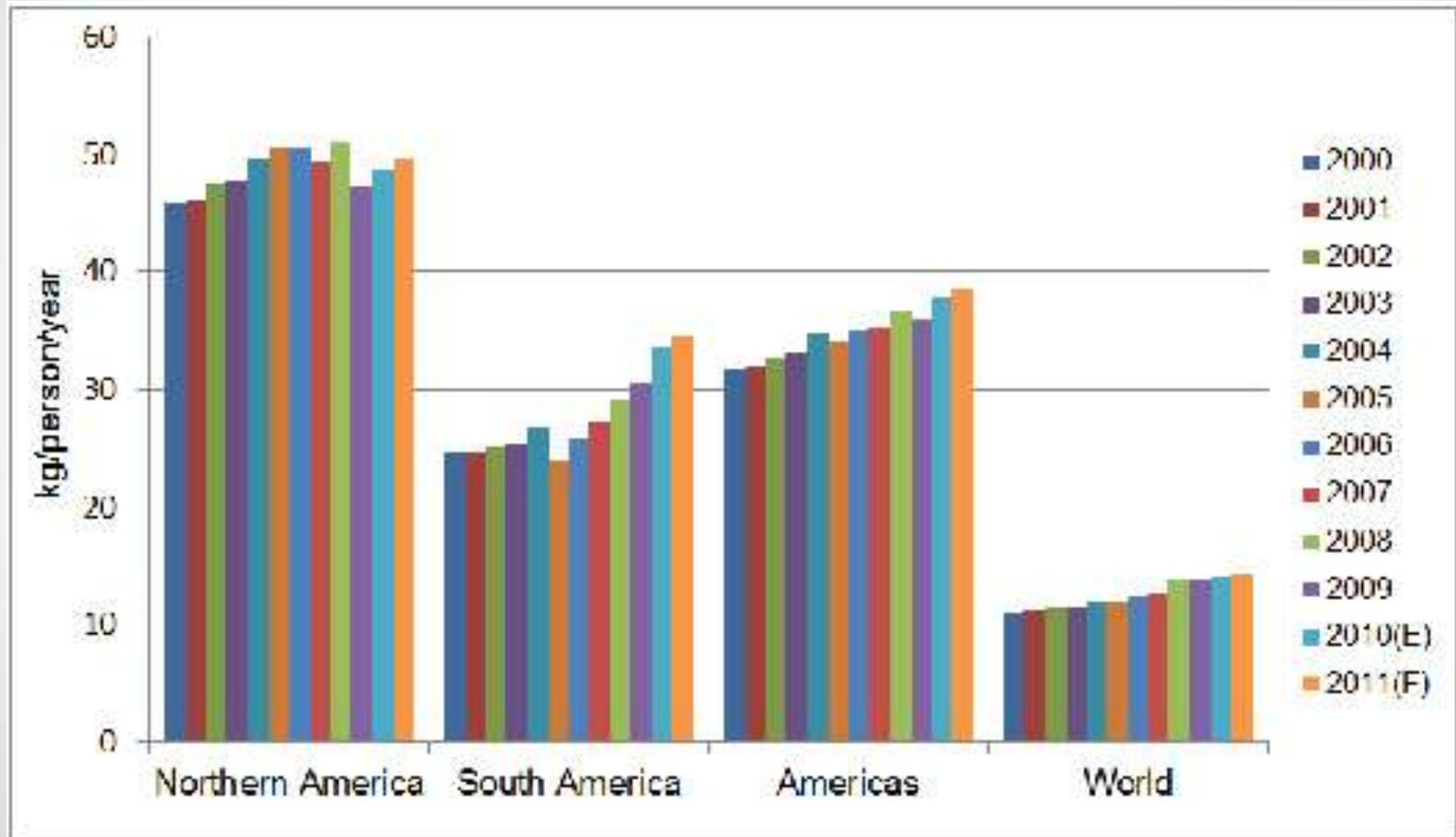
The Chicken Industry: Challenges and Opportunities

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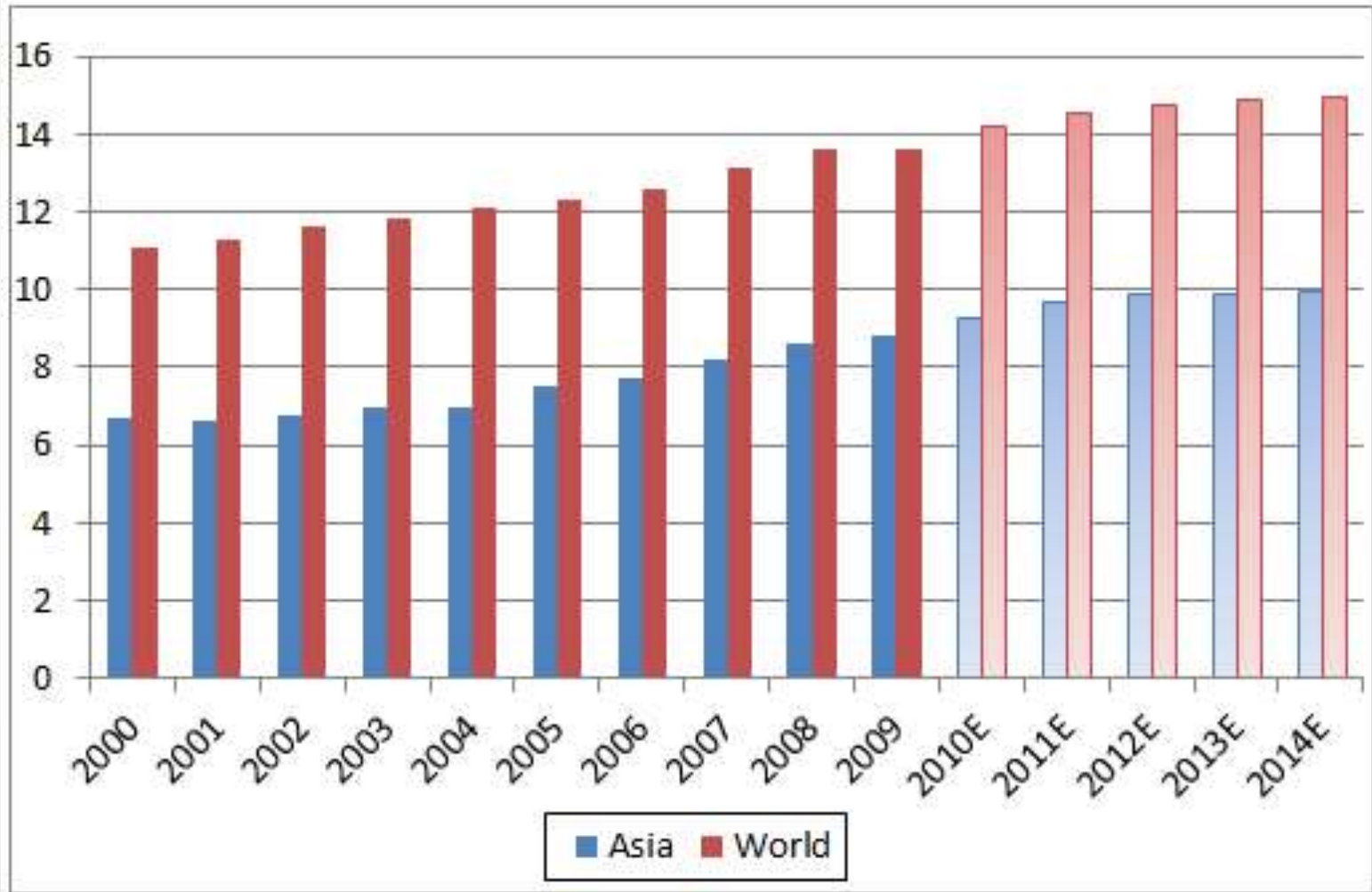
Feeding the World



Global Chicken Consumption

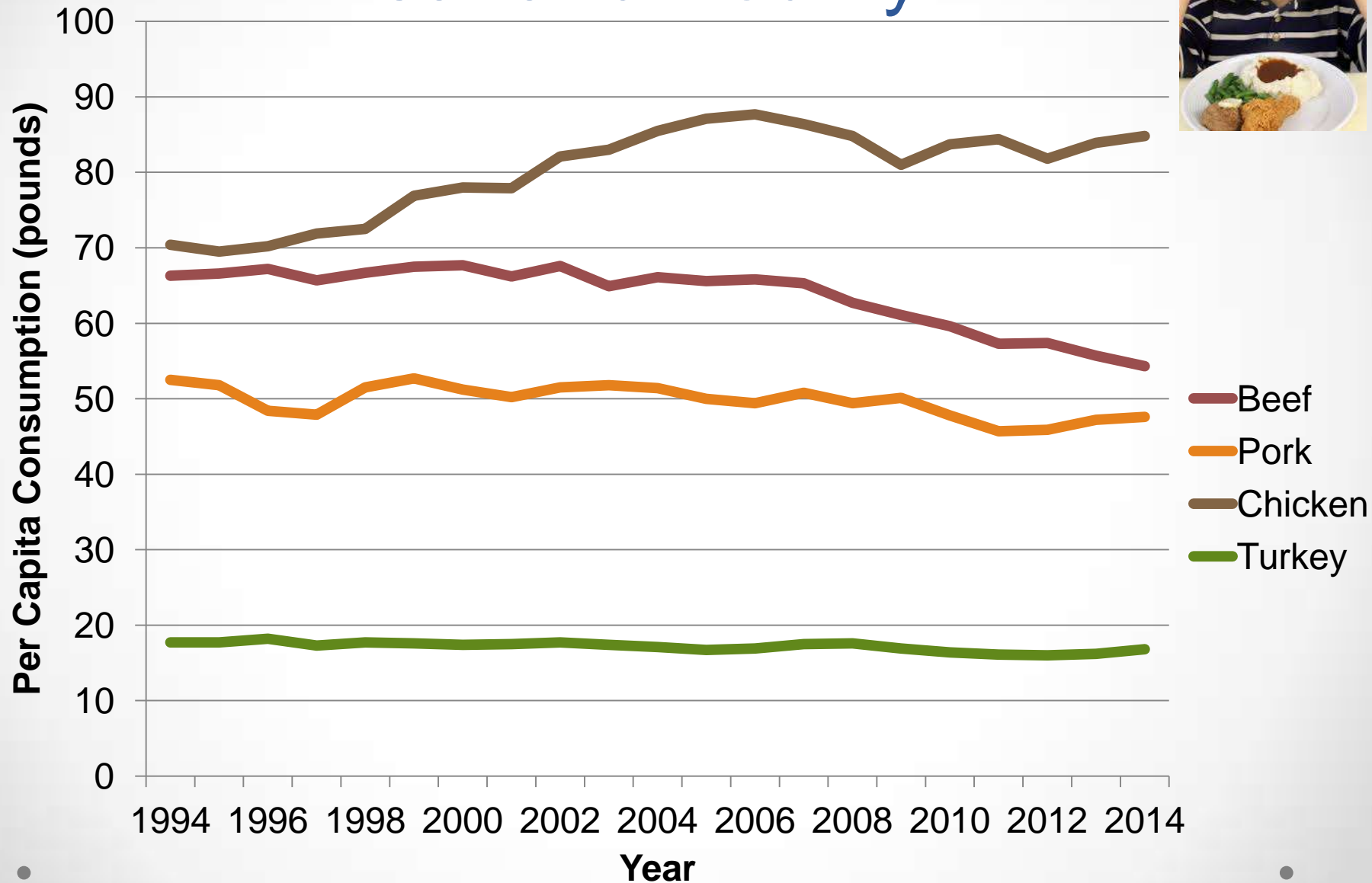


Global Poultry Consumption



Kg/person/year

Per Capita Consumption of Meat and Poultry



Challenges and Opportunities

- Shrinking agricultural land base
 - *Opportunity: Improve efficiency*
- Shrinking population of employees for agricultural jobs
 - *Opportunity: Need for new immigration policy*
- Increased ignorance and skepticism about agriculture production
 - *Opportunity: Education, Education, Education*
- Consumer groups, activists
 - *Opportunity: Improve Transparency? Improve?*
- Ever-changing demands of customers and consumers
 - *Opportunity: Meet demands with new and innovative products*
- Increased input costs
 - *Opportunity: Fix the RFS!*
- Concerning government regulations
 - *Opportunity: Engage, Improve*

Increasing Regulations

- People unfamiliar with agricultural practices?
- Maybe it is necessary to keep industry in line?
- Significant events playing roles in increased government oversight?
 - Hallmark-Westland
 - 2010 Egg Recall
- Media causing unnecessary hysteria?
 - LFTB
 - Arsenic in feather meal
- Government agencies are feeling pressure from the White House, Congress, trading partners, consumer groups, customers?

Chicken Industry Top Issues

- Renewable Fuel Standard (RFS)
- **Trade**
- Immigration Policy
- Antibiotics
- Bird Welfare
- **Modernization of Poultry Slaughter Inspection**
- **Salmonella as an Adulterant**
- Environmental Impacts/Regulations
- Food Safety
- Worker Safety



Trade

- Demand for high quality protein is increasing globally
- China
 - China launched its complaint with WTO in late 2009, and in early 2010 imposed the duties
 - In 2009 the United States exported more than 613,000 metric tons of broiler meat to China
 - Exports fell almost 90 percent after the imposition of the duties
- Chinese Chicken
 - FSIS recently announcement reaffirming the equivalence of China's poultry processing system
 - Raised substantial concerns domestically

Trade

- Mexico
 - In early 2011, an investigation began with regards to “dumping” of US chicken leg quarters
 - Anti-dumping duties up to 129% were announced but held in abeyance due to food price inflation (AI Outbreak)
 - Decision is expected by the end of the year

Modernization of Poultry Slaughter Inspection

- Rule published in *Federal Register* on 1/27/2012, 90 day comment period, extended 30 days, ended 5/29/2012
- “Voluntary” rule would eliminate the existing inspection system
 - If do not participate, must operate under traditional inspection
- The proposed rule allows
 - More flexibility to determine how to monitor and control food safety risks
 - Holds establishments responsible through recordkeeping, sampling, and increased offline inspection.



Modernization of Poultry Slaughter Inspection

- What does it do?
 - Plant personnel will inspect each bird for quality defects (bruises, broken bones) while allowing USDA inspectors to evaluate each bird focusing on true food safety risks
 - USDA inspectors **still** perform bird-by-bird inspection – legal obligation
 - Establishments **still** must meet the performance standards set forth by USDA
 - Allows facilities to operate up to 175 bpm (currently the limit is 140 bpm)
 - Facilities must perform microbiological testing and keep extensive records to ensure process control is maintained at **all times**
- What is in it for industry?
 - **Improved food safety for our customers!**
 - Allows the plant to more closely control the quality of all birds
 - If meeting food safety and worker safety requirements, industry can operate at the higher line speed

Where is the Rule?

- Rule is at USDA
- Critics of the rule:
 - Inspectors Unions
 - Department of Labor
 - Consumer Groups
- Their concerns:
 - Food safety
 - Line speeds
 - Exposure to interventions
- So what's next?



Salmonella as an Adulterant

- RTE vs RTC products
- The industry has performance standards it must meet
 - Establishes “allowable” limits
 - Posting on the FSIS website
- Post-market adulteration
 - How to define an outbreak?
- Lotting
- How to we educate customers about safe handling?
 - Collaborative effort?



Questions?