

Certification Increases Profitability

8 a.m. session, Thursday, Dec. 8, 2005

Presenter: Jerry Gabriel, South Dakota Secretary of Agriculture

RAPID CITY, S.D. (Dec. 8, 2005) — South Dakota Secretary of Agriculture Larry Gabriel told attendees of the 2005 Range Beef Cow Symposium that certification programs and export markets are opportunities to increase producer profitability and to keep young people in agriculture.

He said South Dakota has two certification programs that consistently earn producers \$30-\$60 premiums per head — South Dakota Certified™ Enrolled Cattle and South Dakota Certified Beef. The certified beef program has been trademarked in the U.S., Japan and South Korea, and it is in the process of being trademarked in Taiwan.

Gabriel said the two separate certification programs are needed.

“One is a meat program, and it entails a certification mark that can go on a package of beef. It is trademarked as South Dakota Certified™ and it pertains only to beef,” he explained. “And then we have a live-cattle program. It pertains to feeder cattle and fat cattle. The only way you can sell beef with the trademark on it is that the beef has got to come from cattle that were enrolled in the live-cattle program.”

The programs require the cattle be born, raised and processed in South Dakota. In order to become a licensed producer of South Dakota Certified cattle and beef, producers must be state residents and must sign a licensing agreement to use the state’s intellectual property. Gabriel said the licensing agreement is “similar to signing an agreement with Microsoft to use their Windows program.”

“Producers must agree to keep records [for five years] and be held accountable that you’re doing what you say you are doing. The cornerstone of it is the Beef Quality Assurance (BQA) program,” he said.

In fact, the programs’ requirements are so strict that Gabriel can’t enroll his own calves in them. “One of the rules says you cannot have an ownership interest in any of the animals that you conduct audits on,” he explained. “The way it’s organized right now is all the auditors work for the South Dakota Department of Agriculture. As long as I’m the secretary, I can’t be in the program.”

But Gabriel says he strongly believes in certification programs, so he enrolled his calves in the American Angus Association’s AngusSourceSM program. “Enrolling your cattle in



South Dakota Ag Secretary Larry Gabriel said certified programs would reward producers in access to premium markets. [PHOTO BY LYNN GORDON]

these programs (South Dakota Certified and AngusSource) pays you more because then you can get into the lucrative export markets,” he said. Gabriel added that the export potential for high-quality, well-marbled cattle is going to be “huge.”

“Don’t get concerned when you read these comments in the paper that say more than 70% of people in Japan don’t want U.S. beef; 70% of people in Japan *don’t eat beef!*” he said. “They have so many people that if 25% will eat our beef and eat it in the quantity that they were eating it [before the border closed], then we’re going to have a very healthy and growing export market.”

Gabriel closed by encouraging producers to participate in programs that improve their profitability. “I think we have opportunity in these certification programs and branded beef programs — we have opportunity to add value. Whether it’s right for you on your ranch is up to you. But, we in production agriculture have to be willing to change, or I think we’re destined to be forced out of the business.

“The out-migration of young people from our farms and ranches is one thing that scares the heck out of me,” he continued. “The best way to reverse that is to make farming and ranching profitable — and we have to do it ourselves.”

— by Meghan Soderstrom, assistant editor, Angus Productions Inc.
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