

05/16/2002 Entry: "Twin Falls, Idaho, Cattle Producers Irate with McDonald's over Foreign Beef"

TWIN FALLS, Idaho, Apr 21, 2002 (The Times-News - Knight Ridder/Tribune Business News via COMTEX) -- McDonald's golden arches -- as American as apple pie and baseball. But the all American fast food chain has U.S. cattle producers seriously doubting the corporation's commitment to its American roots.

McDonald's, the largest buyer of American beef, recently lowered the boom on U.S. producers when it announced it would begin serving up Australian and New Zealand beef in 400 of the company's 13,000 U.S. eateries.

The corporation cited record low U.S. cattle herd numbers and a shortage in available lean ground beef measured against rising consumer demand as the reason for its decision.

"Ridiculous," said Montana rancher Dennis McDonald, trade committee chairman for the Ranchers-Cattlemen Action Legal Fund USA.

"If there was a shortage, it would be reflected in our cow and bull slaughter prices," he said. "Instead, even with hamburger prices near record highs, U.S. producers are receiving less than they did 13 years ago." The fast-food chain simply wants to buy cheaper so it can be competitive, McDonald said.

"This is only a test" is the corporation's mantra about the imported beef it will be offering to consumers in restaurants in the southeast. A spokesperson for the chain said although the use of imported beef will be only on a trial basis, there remains no timetable for how long the test will run.

Pat Goggins, Western Livestock Reporter columnist and president of the Livestock Marketing Association, said producers are angry and feeling betrayed.

Especially since it was only a little over a year ago, at the height of the mad cow and foot-and-mouth disease scare, McDonald's instituted a product certification program for American ranchers. Before the chain would purchase beef from a rancher, a form had to be signed per animal indicating the cattle had not been fed animal byproducts and had received no antibiotics three months prior to sale.

"It caused extreme trauma in the extra time it took getting all the paperwork in order," Goggins said. "Now, it seems McDonald's has forgotten all about their certification program." R-Calf's McDonald said there would be no way Australian and New Zealand producers could be made to meet certification requirements demanded of U.S. producers.

"Foreign producers won't be signing forms guaranteeing their animals have not been fed animal extracts," he said.

Goggins agrees. "It's a joke," he said. "Nothing is known about the sanitary conditions in overseas packing houses, the uncertainty of the BSE problem, whether the meat ever stood out in the sun, and yet McDonald's is willing to buy those products." John Thompson, director of information for Idaho Farm Bureau, said regulations can't be legally enforced overseas and many countries, especially South America and Europe have had tremendous problems with BSE.

"But the issue is not all about beef," Thompson said. "It is more about the dollar than anything else." The strong American dollar and current trade relations favor imports.

"While there are tariffs on our exported goods, theirs come into the U.S. unencumbered," Thompson said. "Plus, other countries don't have the social costs attached to food production we have here." McDonald concurred, pointing to U.S. Department of Agriculture figures. USDA values overall production of a 750 pound calf at around 76 cents. The same calf in Brazil sells for 35 cents.

"The global market will belong to the low cost producer," he said. "We are not the world's lowest cost producers -- we produce quality." To remain viable, producer must work to recapture the high-end domestic market, McDonald added.

Founder of McDonald's Corporation, Ray Kroc, spoke nearly 50 years ago about the importance of giving back to the local communities where one lives and works.

American producers are no doubt wishing the company would hold to the same standards today.

"Look to the domestic market first." Thompson said, "Clearly, it makes economic sense to buy close to where your operation is located."

By Cathy Roemer

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