



Overview: The Future of Animal Agriculture in North America

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Animal agriculture in North America is undergoing significant change. As new products are developed to meet changing consumer preferences, new production systems are being put in place to reduce costs, and contracts are increasingly replacing open markets and redefining relationships among stakeholders in the system. Technological developments have increased productivity and efficiency at the producer level, and in processing, distribution systems and marketing. Participants throughout the animal agriculture supply chain, from genetics to retail to food service outlets, are adjusting to ongoing changes which bring opportunities but also controversy and challenges.

The issues arising from the various factors impacting animal agriculture go beyond matters of supply and demand, cost of production and transportation, and other economic factors. They include the structure of basic institutions, customs of trade and social factors that underlie the production, distribution, transformation, sale and consumption of animal products. These articles reflect the shifting forces of change, anticipate some of the direction and impacts, and identify options that will allow farmers and ranchers, meat processors, food retailers, policy makers, and consumers to make more informed decisions about the future.

Farm Foundation led an 18-month project—*The Future of Animal Agriculture in North America*. The goal was to develop a comprehensive, objective overview of the range of issues that will shape the industry over the next decade. This partnership of industry, government agencies, academics and nongovernment organizations explored the opportunities and challenges facing North America's livestock sector, the driving forces behind them, and their potential consequences. Funding for this effort was provided by industry, government agencies and foundations throughout North America.

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The final report was released in April 2006 and is available on the Farm Foundation Web page, www.farm-foundation.org. It was organized around seven Working Groups headed by academic experts and composed of industry, government, nonprofit and academic leaders. More than 150 individuals from Canada, Mexico and the United States actively participated in the development of the Working Group reports. The objective was to give all stakeholders a clear understanding of the current state of the industry, a glimpse into the future, ideas for change and their potential consequences, and an inventory of issues that need further research, industry actions or government policy.

These articles have been prepared by leaders of the Working Groups. The authors have drawn heavily, but not necessarily exclusively, on the Farm Foundation report.

In the first article, we identify a number of cross-cutting issues that will affect the future of animal agriculture in North America. These are topics on which we need to

know more to understand the long-run competitiveness of the animal agriculture industry in North America.

Boehlje's analysis of the economics of production, processing and marketing summarizes implications of consumer demand, cost drivers, changes in market structure and government policy, and regulation for competitiveness in the North American livestock industry over the next decade. This leads to some critical future challenges and opportunities that merit further analysis and research.

Jensen addresses consumer demand and the related forces driving changes in animal agriculture. Developments in the production, processing, and distribution system are designed to meet evolving consumer demands worldwide. She looks at how these trends from both sides of the market may play out. The paper also examines some policy options for helping shape the future competitiveness of the industry in North America.

Rosson et al. look at global competitiveness and trade in the livestock economy, including a significant increase in market integration among the three NAFTA countries. Various

segments of the animal agriculture industry are affected by different forces. To improve efficiency of the North American animal agriculture, harmonization of policies, programs, and regulations across NAFTA countries will be required.

Abdalla and Lawton address environmental issues in animal agriculture associated with new technologies and restructuring of the production and marketing system. Resulting private disputes and public issues concerning animal agriculture and the environment are leading to new costs and benefits. To resolve the complex issues involved requires increased understanding and involvement by all stakeholders.

Goldsmith and Martin look at community and labor issues in animal agriculture, finding them to be significant but very diverse. The animal agriculture processing industry has shifted from urban to rural locations and relies on substantial numbers of immigrants from Latin America to provide labor. The authors look at community and social impacts, explore some future options, and emphasize the need for animal processors to partner with the communities in which they locate.

Goodwin et al. address policies to protect food safety and animal health, noting that these issues are closely related, yet in some cases, require separate strategies. The authors identify a number of possible policy measures and their implications for assuring sound food safety and animal disease prevention systems to keep North American animal agriculture prosperous and competitive.

Blandford addresses the increasing role of animal welfare issues in wealthy countries. There are increasing initiatives in states, as well in the U.S. Congress, to pass animal welfare bills. Many of the practices being questioned are associated with animal confinement, and there is increasing interest in developing voluntary standards within the industry. The author considers economic impacts of various approaches and identifies some options for the future.

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