HEARING TO REVIEW ANIMAL IDENTIFICATION SYSTEMS

HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

MARCH 11, 2009

Serial No. 111–02

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HEARING TO REVIEW ANIMAL IDENTIFICATION SYSTEMS

WEDNESDAY, MARCH 11, 2009

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK, DAIRY, AND POULTRY,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Subcommittee met, pursuant to call, at 10:00 a.m., in Room 1300, Longworth House Office Building, Hon. David Scott [Chairman of the Subcommittee] presiding.

Members Present: Representatives Scott, Costa, Kagen, Kratovil, Holden, Boswell, Baca, Markey, Minnick, Peterson (ex-officio), Neugebauer, Goodlatte, Rogers, King, Conaway, Smith, and Roe.

Staff Present: Claiborn Crain, Nathan Fretz, Alejandra Gonzalez-Arias, Chandler Goule, Scott Kuschmider, Robert L. Larew, John Riley, Rebekah Solem, Patricia Barr, John Goldberg, Tamara Hinton, Pete Thomson, and Jamie Mitchell.

OPENING STATEMENT OF THE HON. DAVID SCOTT, A REPRESENTATIVE IN CONGRESS FROM GEORGIA

The CHAIRMAN. This hearing on the Subcommittee on Livestock, Dairy, and Poultry to review animal identification systems, including the subject of efficient use of taxpayers' resources as required by clause 2(n) of House rule 11 will come to order.

The CHAIRMAN. I would like to begin by welcoming everyone to the first hearing of the Livestock, Dairy and Poultry Subcommittee in the 111th Congress. It is indeed a distinct honor and a privilege to have been selected to chair this very important Subcommittee. I look forward to working with such an illustrious and knowledgeable group of my fellow Members of Congress as we have on this Subcommittee as we move to complete our long and perhaps difficult agenda.

I would also like to welcome our distinguished witnesses. I greatly look forward to hearing your testimony and tapping into your expertise as we explore the topic of today's hearing, the National Animal Identification System.

The subject on the Subcommittee's agenda today is indeed a very complex one; and, at times, it will be difficult to navigate through. No issue is more emblematic of the difficulties we face moving forward as is animal ID. It is my hope, however, on this and further issues that we will be able to work together in a positive fashion to find common ground and to address the issues we face with decorum and mutual respect. The constituents, which we all serve, deserve no less from us.

Regarding the subject of today's hearing, I believe that a national animal ID system has myriad benefits. A mandatory system would let us know where infected animals are so that we could reroute transportation to prevent disease from spreading. It would also help protect producers against the spread of minor animal diseases as well as from the devastating economic effects of BFE, foot and mouth disease, and TB. Finally, it will save the government money and provide a vital tool in maintaining the security and integrity of the food supply, which is one of my greatest concerns as a Member of Congress, as the Chairman of this Subcommittee, and as a consumer, and certainly as a parent and a grandparent as we know and we plan for future generations in our country.

In fact, we are currently planning a joint hearing with the Committee on Homeland Security to discuss our preparedness for an initial or catastrophic outbreak and the ways in which that would jeopardize our food security in the United States due to a lack of mandatory animal ID system.

With respect to animal diseases, a robust NAIS with large-scale participation has a potential to expedite that trackback and not only prevent further corruption of the food chain but ultimately, lessen the economic impact of any such outbreak.

But there are, of course, considerable questions that need to be addressed before a national animal ID system can achieve its maximum value. The economic impact on small and mid-sized producers is very real and needs to be taken into consideration when determining whether or not to compel producers to participate in this system.

Additionally, I understand the privacy concerns that have been expressed to me, especially from some of our friends in the cattlemen's associations. Shielding proprietary business information and protecting farmers from unwarranted protests and business interruptions is crucial. However, I strongly believe that the benefits of a National Animal ID System in terms of animal health, public safety, and in maintaining the economic viability of our agriculture sector, domestically and through exports, far outweigh the potential costs.

In order to make this program worthwhile and effective, we need at least 97 percent participation; and it seems very unlikely that we will ever get there at that level under a voluntary system. We will hear on our third panel how successful a mandatory system is. But if any one of our panelists today has advice on how to convince producers to participate, short of compulsion, please feel free to share it with this group. Because we are far past time for this system to be fully up and running. The security of our food needs to be protected now, not somewhere down the road in the future.

I thank everyone for coming today and look forward to this discussion.

The CHAIRMAN. With that, I will turn to our Ranking Member, Mr. Neugebauer, for any comments he might wish to make.

[The prepared statement of Mr. Scott follows:]

SUBMITTED STATEMENT OF HON. DAVID SCOTT, A REPRESENTATIVE IN CONGRESS FROM GEORGIA

I would like to begin by welcoming everyone to the first hearing of the Livestock, Dairy and Poultry Subcommittee in the 111th Congress. It is indeed a distinct honor and a privilege to have been selected to chair this Subcommittee. I look forward to working with such an illustrious and knowledgeable group of Members, as we have on this Subcommittee, as we move to complete our long and perhaps difficult agenda. I would also like to welcome our distinguished witnesses. I greatly look forward to hearing your testimony and tapping into your expertise as we explore the topic of today's hearing, the National Animal Identification System.

The subject on the Subcommittee's agenda today is a complex one, and at times will be difficult to navigate through. No issue is more emblematic of the difficulties we face moving forward as is animal ID. It is my hope however, on this and future issues, that we will be able to work together in a positive fashion to find common ground and address the issues we face with decorum and mutual respect. The constituents we all serve deserve no less from us.

Regarding the subject of today's hearing, I believe NAIS has myriad benefits. A mandatory system would let us know where infected animals are, so that we could re-route transportation to prevent disease from spreading. It would help protect producers against the spread of minor animal diseases, as well as from the devastating economic effects of BSE, FMD and TB. Finally, it would save the government money and provide a vital tool in maintaining the safety and integrity of the food supply – which is one of my greatest concerns as a Member of Congress, as the Chairman of this Subcommittee, and as a consumer. In fact, we are currently planning a joint hearing with the Committee on Homeland Security to discuss our preparedness for an initial or catastrophic outbreak and the ways in which that would jeopardize our food security in the United States do to a lack of a mandatory animal ID system.

One of the chief problems during any outbreak of food-borne illness is to trace the source of that illness, whether it is confined to animals or has the potential to spread to humans, back to its source. With respect to animal diseases, a robust NAIS with large scale participation has the potential to expedite this trackback, and not only prevent further corruption of the food chain but also limit the potential for human illness and ultimately lessen the economic impact of any such outbreak.

But, there are of course considerable questions that need to be addressed before NAIS can achieve its maximum value. The economic impact on small and midsized producers is very real, and needs to be taken into consideration when determining whether or not to compel producers to participate in this system. Additionally, I understand the privacy concerns that have been expressed to me. Shielding proprietary business information and protecting farmers from unwarranted protests and business interruptions is crucial. However I strongly believe that the benefits of NAIS in terms of animal heath, public safety, and in maintaining the economic viability of our agricultural sector, domestically and through exports, far outweigh the potential costs.

In order to make this program worthwhile and effective, we need at least 97% participation, and it seems unlikely that we will ever get there under a voluntary system. We will hear on our third panel how successful a mandatory system is. But if any one of our panelists today has advice on how to convince producers to participate short of compulsion, please feel free to share it with the group, because we are far past time for this system to be fully up and running.

I thank everyone for coming today, and look forward to the discussion. With that I will turn to the Ranking Member, Mr. Neugebauer, for any comments he may wish to make.

OPENING STATEMENT OF THE HON. RANDY NEUGEBAUER, A REPRESENTATIVE IN CONGRESS FROM TEXAS

Mr. NEUGEBAUER. Thank you, Chairman Scott, for calling this Subcommittee hearing in the 111th Congress, our first together as Chairman and Ranking Member, on the topic of animal identification.

I expect we will hear from a lot of witnesses today that say that animal identification is a good thing. I expect we will hear about the benefits of improved disease monitoring, rapid traceback investigations in cases of animal disease outbreaks. Some will discuss the economic benefits of improved herd management and premiums

that some sellers enjoy as a result of having source-verified cattle to provide to a market that currently rewards such information.

This is all fine, and I am interested in learning more about it. However, I would also invite my colleagues to pay particular attention to the testimony of our witnesses who are concerned about the potential pitfalls of a mandatory animal identification system and the many unanswered questions there remain about just exactly what this system would entail.

For instance, what are the costs of a mandatory system? In the past, I have heard from the cattle sector alone that ongoing costs could be as much as $200 million a year. Will the benefits of a mandatory system outweigh the costs, or will it simply be a tax on the livestock sector?

A mandatory identification program will create tremendous amounts of data. Many of our constituents consider that to be proprietary. We have all heard stories about unintentional and intentional violations of private information. How will the data be protected? After many years of discussion, I have yet to hear a convincing explanation of how our constituents' information will be protected.

I have several questions about how the system will work: How often producers will need to report the movement of animals; what type of penalties would be associated with mandatory systems for producers found to be out of compliance. Taxpayers have spent almost $130 million on the National Animal Identification System. What has this money brought us, and what will be the final cost of the system?

We should also take time to learn from the experiences of livestock producers in Australia and Canada, who have both had mandatory ID systems. Have the systems improved market returns for their producers, and have they experienced improved herd health?

Thank you again, Mr. Chairman, for calling this hearing. I am certain my colleagues will have many more questions, and I look forward to today's give-and-take session.

The CHAIRMAN. Now I recognize the Chairman of the full Committee, Mr. Peterson.

OPENING STATEMENT OF HON. COLLIN C. PETERSON, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Mr. PETERSON. Thank you, Mr. Chairman.

I want to congratulate you and Mr. Neugebauer on moving up to the leadership of this Subcommittee. We expect great things out of you; and we know you will do a great job leading this Subcommittee, as Mr. Boswell did so ably during his tenure before he moved on to another Subcommittee. So we appreciate your leadership, and I think you recognize there are lots of issues that have to be dealt with in this Subcommittee. So you guys are going to be busy.

So I thank you for calling this hearing today, and I want to acknowledge, as I said, your first hearing. I know that you guys will be a strong voice for animal agriculture in the 111th Congress.

Today's hearing is the first of multiple hearings our Committee will call to handle animal identification systems. This topic has been covered by this Committee several times since USDA estab-

lished the national identification system in 2004 as a way to enhance its animal health protection efforts. But here we are after 5 years, and it is sad to say that we really haven't made much forward progress.

NAIS has received $128 million from appropriated or loaned funds and has spent over $107 million to provide a traceback system in the event of an outbreak of a major animal disease. Yet many crucial aspects of the program show little promise of being substantially implemented.

Just 35 percent of the animal premises are presently registered. Only 5 percent of the cattle have NAIS-approved AIN tags; and almost none of the intermediate markets and slaughterhouses are enrolled in the program, which has hindered the bookend approach to traceability that the animal ID system was conceived.

Agency staff have told us that, without a change to a mandatory system or economic incentives to producers in the industry, the program probably would never be effective in providing the country with a reliable traceback system.

I can't believe that after 5 years we are still pretty much in the same place, despite the millions of dollars that have been thrown at this system. This Committee has lots of questions about how the money was spent by NAIS, by the states, by the industry partners, given the below-average results that we have seen to this point.

I still believe we need a mandatory animal ID system, and I have introduced bills in the past that would implement one, and I understand that some groups out there are still vigorously opposed to this idea. I would, however, caution those groups that when—and I think this is an issue of when, not if—a severe disease outbreak happens, don't come into my office and expect a government bailout because you were unwilling to move forward with this. You will not get a sympathetic ear from this Member if and when that happens.

I just think we have our head in the sand if we think that we are going to be able to avoid this completely. And I don't think the government should be in a position of having to bail people out if people don't want to take up this matter. We are not very good at that, given what we are doing with the banks and so forth. We probably will bail people out, but I am not going to be one of those that is going to be involved in that.

I think the stakeholders out there need to get together and resolve their differences and try to help us move this issue forward. I have said over the years that I would be willing to have the government pick up the costs of this system at the beginning to get it going. If we would have done this in the first place, the money that we would have spent would have gone a long ways to getting all of the tags and readers and databases in place. So we would like to figure out how this money was spent, and why we are in this position.

We have been asked by our leadership to look into ways to reduce spending and waste that's happened here. I think this is a case of one of those instances, and I hope that we don't allow that to go forward in the future.

I hope that we can examine why the current system hasn't worked, and why in my opinion why it won't work. Moreover, we

need to examine what can be done in the future to improve our animal health system in the event of a disease outbreak.

Once again, I appreciate today's witnesses being with us, I appreciate the leadership of the Chairman and Ranking Member, and I look forward to the testimony of our witnesses.

The CHAIRMAN. Thank you very much, Mr. Peterson.

[The prepared statement of Mr. Peterson follows:]

SUBMITTED STATEMENT OF HON. COLLIN C. PETERSON, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Thank you, Chairman Scott, for calling this hearing today. I want to acknowledge your first hearing of the Livestock, Dairy, and Poultry Subcommittee. I know you will be a strong voice for animal agriculture in the 111th Congress.

Today's hearing is the first of multiple hearings this year our Committee will call to examine animal identification systems. This topic has been covered by this Committee several times since the USDA established the National Animal Identification System in 2004 as a way to enhance its animal health protection efforts.

Here we are after five years and it is sad to say that we really haven't made much forward progress.

NAIS has received $128 million from appropriated or loaned funds and has spent over $107 million to provide a trace-back system in the event of the outbreak of a major animal disease. Yet many of the crucial aspects of the program show little promise of being substantially implemented. Just thirty-five percent of animal premises are presently registered; only five percent of cattle have the NAIS-approved AIN tags; and almost none of the intermediate markets and slaughterhouses are enrolled in the program, which has hindered the bookend approach to traceability NAIS has conceived.

Agency staff have told us that without a change to a mandatory system, or economic incentives to producers and the industry, the program would never be effective in providing the country with a reliable trace-back system.

I can't believe after five years we are still in pretty much the same place despite the millions that have been spent on this system. This Committee has lots of questions about how the money was spent by NAIS, the states, and industry partners, given the below average results we have seen to this point.

I still believe we need a mandatory animal ID system, and I introduced bills in the past that would implement one. I also understand that some groups are still vigorously opposed to this idea.

I would, however, caution those groups that in the case of a severe disease outbreak, do not expect me to have a sympathetic ear when it comes to mitigating the economic costs of a market disruption. I think the stakeholders out there need to get together and resolve their differences, because I believe some people out there have their head in the sand if they don't understand the economic consequences of continuing to do what we have been doing.

I hope that through this series of hearings we can examine why the current system hasn't worked and won't work, and what can be done in the future to improve our animal health system in the event of a disease outbreak.

Once again, I appreciate today's witnesses for being here and I look forward to their testimony. Thank you, Chairman Scott, and I yield back.

The CHAIRMAN. Members, in light of the fact that we have three panels before us, the Chair would request that other Members submit their opening statements for the record so the witnesses may begin their testimony, and this will ensure that we have ample time for the witnesses to be heard and ample time for all of our questions.

The CHAIRMAN. With that, we certainly would like to welcome our first panel. The witness consists of Dr. John R. Clifford. Dr. Clifford is the Deputy Administrator to Veterinary Services, Animal and Plant Health Inspection Service, at the U.S. Department of Agriculture here in Washington.

Dr. Clifford, welcome; and you may begin your testimony.

STATEMENT OF DR. JOHN R. CLIFFORD, D.V.M., DEPUTY ADMINISTRATOR, VETERINARY SERVICES, ANIMAL AND PLANT HEALTH INSPECTION SERVICE, U.S. Department OF AGRICULTURE, WASHINGTON, D.C.

Dr. CLIFFORD. Chairman Peterson, Subcommittee Chairman Scott, Ranking Member Neugebauer, thank you for the opportunity to testify before the Committee this morning.

As the chief veterinary officer of the United States and the representative to the World Organization for Animal Health, I have witnessed the growing importance of animal identification to individual countries and on the world stage. More and more countries are requiring identification systems as a prerequisite to trade. Identification systems also ensure countries can manage their own exotic diseases that do not recognize international borders and consequently pose risk to life of livestock and public health.

Traceability is a critical component the OIE reviews in determining the animal disease risk levels of member countries. Many wonder why the United States has not requested a negligible risk classification from the OIE. Frankly, unless we can demonstrate an effective animal ID system, it is highly unlikely that we will receive that classification.

I believe that it is the U.S.'s responsibility to play a leadership role in animal health matters. While we have done a good job on numerous fronts, I do not believe we have done our best when it comes to national animal ID. Frankly, I am disappointed by the 35 percent participation rate by producers.

My statement for the record explains several of the major challenges we face in building the system and the policy and operational changes made to address them. The result is that it can still take months for animal health officials to complete an animal disease investigation because records are often, at best, kept on paper. The lack of any official identification means that many more farms and ranches become part of a traceback, and without movement data we cannot identify potentially exposed animals.

A recent example, of 199 positive cases of bovine TB identified in the U.S. Between late 2003 and early 2008, over 84 percent of those animals did not have official USDA ID. That alone increased the amount of time and money AHPHIS and states spent in conducting tracebacks in 27 percent of the bovine TB investigations. The average time spent conducting a traceback was 199 days, an unacceptable level in today's world.

To date, we have obligated $118.9 million to implement NAIS based on the policy direction set forth in the program. Initially, we planned a voluntary program that would eventually become mandatory. However, in August of 2006, in response to various concerns, then-Secretary Johanns decided that NAIS would be entirely voluntary at the Federal level and would be technology neutral. As a result, USDA was required to identify and test new technologies and expend significant efforts in convincing producers to participate.

On the positive side, the efforts of the last 5 years have enabled us to build and link all the IT components of the system, standardize numbering systems so that we and our state partners have common frames of reference and test and deploy strategies for in-

creasing traceability in key sectors of the livestock industries. While we have much work to do in terms of traceability for cattle, today we have very high levels of traceability in swine, poultry and the sheep sectors.

Maintaining a functional system is not cheap. It is a bargain when you put it in perspective. Initial figures show that annual government and industry costs will exceed $200 million. This roughly translates into a half a cent increase for a pound of red meat. We know an FMD outbreak would cost billions of dollars in terms of industry losses and APHIS and state response efforts. The question we need to ask then is if the cost of NAIS is worth the investment in costs to industry and consumers when compared to the results we will achieve. I absolutely believe that it is.

In addition to dramatically improving our ability to effectively respond to animal health emergencies, NAIS will support the competitiveness of our livestock sector in international markets and consumer confidence in its food supply and its safety. APHIS has continued to move forward in building the system and implementing strategies laid out in the NAIS business plan. In doing so, we remain focused on program transparency and accountability.

Secretary Vilsack and his team are conducting a full review of past spending within the program, and we continue to look for ways to improve program oversight. I know that some of the Secretary's other priorities, include implementing NAIS in a way that is sensitive to the unique qualities of different species' groups, protecting producers' private information, and providing producers with clear information about the program. The Secretary is carefully weighing the range of policy options available to him, and APHIS is ready to act on his priorities.

We understand that the success of NAIS depends on strong collaborations with this Committee, producers, industry, and USDA; and we are committed to working with all of these key players in a transparent way that is responsive to the concerns of all stakeholders.

Thank you. I would be happy to answer any questions.

The CHAIRMAN. Thank you very much, Dr. Clifford. We appreciate your testimony.

[The prepared statement of Dr. Clifford follows:]

PREPARED STATEMENT OF JOHN R. CLIFFORD, D.V.M., DEPUTY ADMINISTRATOR, VETERINARY SERVICES, ANIMAL AND PLANT HEALTH INSPECTION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Chairman Scott, Ranking Member Neugebauer, and Members of the Subcommittee, thank you for the opportunity to testify before the Committee this morning. My name is Dr. John Clifford and I am the Deputy Administrator for Veterinary Services with the Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS). In this position, I also serve as USDA's Chief Veterinary Officer.

I appreciate the Committee's interest in our progress in implementing the National Animal Identification System (NAIS). We have expended significant resources, both financial and in staff time. While we have made progress, much remains to be done and we look forward to working with the Committee to reaching our goal of a modern, streamlined information system that helps producers and animal health officials respond quickly and effectively to animal disease events in the United states. NAIS is a long-term investment in emergency preparedness and response, competitiveness of our livestock sector in international markets, and consumer confidence in our food supply.

I would like to begin by giving you a brief overview of NAIS, including what we have been doing, the challenges we have faced, where we are now, and our plans to continue enhancing the program. Finally, I will conclude by reporting on how we have spent the dollars provided to us.

Before I start, I would like to mention that the Secretary is carefully weighing all of the options to determine how USDA and its partners can make NAIS more effective and successful. We understand that the success of NAIS depends on strong collaborations between this Committee, producers, industry and USDA. We are committed to redoubling our efforts in working with all of these key players in a transparent way and that is responsive to the concerns of all stakeholders.

NAIS History

The Animal Health Protection Act (AHPA) of 2002 authorizes USDA to take measures to detect, control, or eradicate livestock pests or diseases in the United States. When we do detect an outbreak, we must quickly determine its source so we can stop disease spread. We must identify all infected animals and all animals exposed to them. By tracing back from the infected animal detected, we can find any other infected or exposed animals and establish quarantines to ensure that they do not move. Once we set quarantine boundaries to arrest disease spread, we concentrate on treating or removing infected or exposed animals to eliminate the disease. The faster we can trace the path of the initially detected diseased animal, the faster we can establish the quarantine-and with more precision so that we do not needlessly prevent healthy, unexposed animals from moving in commerce--and commence treatment or removal.

Somewhat like the "Golden Hour" concept of emergency medicine for humans, for animal health we have found that being able to trace back from infected animals within 48 hours is vital in quickly containing and eliminating an incipient disease outbreak. To achieve such an ambitious goal, we must have a standardized animal identification system. For much of the second half of the 20th century, USDA conducted long term eradication programs for diseases like brucellosis and tuberculosis. We used animal identification systems for those programs. While certainly not the modern, standardized system we envision with NAIS, those systems did provide us with a solid base for trace back. The success of those programs led to a dramatic decline in the number of premises and animals registered in any identification program.

Recognizing the lack of standardization and the increasing void in animal identification that would hamper our response capabilities to a disease outbreak, USDA, states, and industry have been working cooperatively to develop a unified NAIS for several years. This work assumed greater urgency when we witnessed the heavy losses associated with the foot and mouth disease (FMD) outbreak in the United Kingdom in 2001. In 2003, a group of approximately 100 industry and government representatives--the National Identification Development Team--drafted the U.S. Animal Identification Plan. While the Team was still seeking support for the plan, the detection of a case of bovine spongiform encephalopathy (BSE) in the United States on December 23, 2003, brought even greater urgency. Within days, then-Secretary Veneman used her emergency authority to transfer $18.8 million to APHIS to accelerate NAIS implementation.

I should note that while we started NAIS with a focus on animal health, we also know that 75 percent of emerging animal diseases are zoonotic; that is, they can affect humans as well. Accordingly, a fully functional NAIS may also have tangential, but substantial, human health and food safety benefits.

Initially we envisioned a voluntary program that would eventually become mandatory. Also, we envisioned a system using standard technology. However in response to various concerns raised by some producers, small farmers, and some religious groups, then Secretary Johanns decided in August 2006 that NAIS would be entirely voluntary at the federal level. (States retained the option to make their participation mandatory, and several have done so.) Accordingly, we invested a great deal of effort-and money-in encouraging producers to voluntarily participate. I will provide more detail about those efforts later in my statement. Also, rather than establish a mandatory technology, we sought to make NAIS technology neutral, in hopes of stimulating competition that might lead to better pricing and more flexibility for voluntary participants.

NAIS Overview

I would like to give you a brief explanation of the three components that make up NAIS-premises registration, animal identification, and animal tracing. The first phase of NAIS involves producers registering their premises containing livestock and poultry with their local state or tribal authorities. Premises information is crit-

ical to protecting U.S. agriculture because it gives us the ability to plot locations within a radius of an infected premise and determine the potential magnitude of a contagious disease as well as the resources needed to contain it. Additionally, it provides the foundation to achieve both animal identification and tracing.

Just having a contact list of producers in a given area will help us respond quickly when an animal health emergency or significant disease event arises. These lists proved beneficial when a blizzard hit Colorado in January 2007. The State Department of Agriculture used the NAIS contact list to call ranchers, evaluate the well being of their livestock, and airdrop hay if needed.

Animal identification, the second component of NAIS, provides participating producers and owners with a uniform numbering system for their animals; both as individuals or as a group or lot of animals. The actual identification protocol is sensitive to the unique qualities of different species groups, and the way they are raised and processed. For example, while individual animal identification is important for cattle, lot identification is more practical for poultry. The uniform numbering system links producers' livestock or poultry to the animals' birthplace or premises of origin. This is a valuable tool for producers and owners whose animals go into commercial production or are moved frequently. Each identification number provides a unique number for animals and the location or premises.

The final NAIS component, animal tracing, is available through several Animal Tracking Databases (ATDs) maintained by states and private industry. Having states and industry maintain these ATDs is part of our plan to assure confidentiality for participants. The Federal government does not maintain this data; states and private entities do.

Key animal tracing information includes the animal identification number, the premises identification number, and the date the animal was moved in or out of a premises. We use a "bookends" analogy for individual-animal traceability. There is a "left bookend"—the birth record; "books on the shelf"—animal movement records; and a "right bookend"—the animal termination record. I want to emphasize that animal health officials will use the data only when an animal disease event warrants such use. This is another part of our commitment to protecting confidentiality.

Benefits of NAIS

Animal health officials in the United States and around the world have long recognized that an efficient and effective system for the identification of premises affected or potentially affected by livestock diseases is an essential component of any animal health program. While an animal identification system will not prevent the onset of a foreign animal disease such as FMD, a fully implemented NAIS will provide for rapid animal tracking and disease containment. These are critical in mitigating the risks posed by potential disease outbreaks.

Currently, it can take months for animal health officials to complete an investigation of an animal disease event because records are often, at best, kept on paper. Too often the lack of any official identification results in many more farms and ranches being part of a traceback as we are unable to determine the specific origin of the subject animal. Additionally, without movement data, we cannot determine potentially exposed animals. This exacerbates the traceback challenge.

For example, of the 199 positive cases of bovine tuberculosis identified in the United States between late 2003 and early 2008, over 84 percent of the animals did not have official USDA individual identification. As a result, USDA and state investigative teams spent substantially more time and money in conducting tracebacks, including an expanded scope of an investigation to identify suspect and exposed animals. The average time spent conducting a traceback involving 27 recent bovine tuberculosis investigations was 199 days. This is simply not acceptable.

With the rapid disease response capability that a successful NAIS will provide, we can limit the number of animal owners impacted by an outbreak and reduce the economic strain on owners and affected communities. In the case of an animal disease outbreak, NAIS would enable the United States to demonstrate that certain areas are free of disease, potentially limiting market closures. NAIS also helps to preserve the marketability of animals for domestic markets. Also, NAIS opens communication channels between animal health officials and animal owners, allowing the rapid sharing of information in the event of animal health concerns.

Cost is another issue we must carefully consider. We understand that NAIS implementation is not cheap; initial data from a cost-benefit analysis Kansas State University is conducting for USDA show that annual government and industry costs associated with achieving full preharvest traceability for cattle, swine, sheep, and poultry exceed $200 million annually. But we must compare this with the estimated billions of dollars in losses we would suffer from an FMD outbreak. The 2001 United Kingdom FMD outbreak cost $7.9 billion in losses and eradication costs. A 1997

FMD outbreak in swine in Taiwan cost $6.9 billion and wiped out its previously strong export market. To more definitively demonstrate the benefits of 48-hour traceability, we entered into a cooperative agreement with Kansas State University, to conduct a cost-benefit analysis of the NAIS program. The analysis is studying the benefits and costs of all components of NAIS across all industry/species sectors. The analysis is also seeking to determine the overall distribution of the system's benefits and costs among producers of various-sized herds, marketing firms, processors, consumers, and state and federal government agencies. The report is currently being finalized and we hope to be able to share it with the Committee soon.

In the global marketplace USDA recognizes that traceability-whether it be "farm to fork" traceability for food safety purposes, or traceability for animal disease purposes alone-is important to all producers and segments of the preharvest production chain for marketing purposes. Many of our international trading partners and competitors such as Brazil, the European Union, Australia, and Japan have adopted national identification systems. Establishing an internationally recognized system of traceability will enhance the competitiveness of U.S. exports of animals and animal products. In fact, our lack of a standardized, national animal identification system was one factor that prevented the United states from receiving "negligible risk" status (the best status possible under the rating system) for BSE from the World Organization for Animal Health (OIE). Receiving negligible risk status would not only enhance our ability to compete internationally, it would greatly support U.S. domestic price structures so that all producers-regardless of their interest in international marketing -would benefit when the United states expands its export markets.

Challenges

We have faced many challenges as we have worked to develop a robust NAIS. Most producers, industry groups, and state officials tend to see NAIS' value, but the debate continues over how to implement it. This has led to a disappointing participation rate of about 35 percent. Some state legislators have sought to restrict participation in the program. Further, we at USDA have made adjustments in the direction of NAIS, resulting in some confusion regarding producer participation.

Perhaps the producers' biggest concern has been protection of their information. I assure you that USDA takes NAIS privacy issues very seriously. We intentionally limited the type and quantity of information collected and maintained by the Federal government. USDA maintains only the premises registration information needed to enable effective trace back or notification in animal disease situations, as well as distribution/termination records of official identification devices, and will not have direct access to the animal tracking databases which contain animal movement records. Existing Federal law protects individuals' private information and confidential business information from disclosure-a fact that USDA has continually emphasized. We will use all of our existing authorities to protect private personal information or confidential business information provided by NAIS participants. We look forward to working with the Committee should you believe that we need additional statutory assurances of confidentiality.

To address all of these challenges, USDA is working to reach a better understanding with producers about NAIS. We have put tremendous emphasis on outreach, communication, and promotional efforts to encourage participation. We want to make sure that producers recognize and embrace the importance of participation and understand the myriad benefits that NAIS brings to the entire U.S. livestock sector.

NAIS Today

Infrastructure

The premises registration and animal identification infrastructures are fully operational. The animal tracing component, while operational, is in its final stage of development. We are building these systems using standardized data elements established through NAIS. The standards now in place will ensure long-term compatibility of systems, an invaluable, long-term benefit that has resulted from NAIS.

To date, we have registered over 500,000 premises, or approximately 35 percent of the estimated number of our Nation's livestock and poultry premises. Thirteen states have registration rates greater than 50 percent; however, seven of those states have some form of a mandatory program or a process for issuing the standardized premises identifier to the locations on record in their state.

The animal identification component, with nearly 30 identification devices available that incorporate the official Animal Identification Number, commonly referred to as the 840 AIN, is well established. We can use it to meet multiple needs for animal ID. Both visual-only and radio frequency tags are available. Over 5 million

AIN devices have been manufactured of which 2.6 million have reached farms and ranches throughout the United States.

Producers have access to several Animal Tracking Databases (ATDs) for reporting the movement of animals that they ship to or from their premises. About 20 organizations are working with USDA to provide ATDs; these systems vary in their level of operation and integration with USDA systems. The ATDs link to the Animal Trace Processing System (ATPS), which is in its final stage of development. The ATPS provides the conduit for communicating and receiving information from the ATDs when animal health officials conduct disease tracebacks. These information systems are vital to making it easier for producers, states, industry, and USDA to determine the scope of a disease situation, locate infected animals, and curtail any further spread of disease.

NAIS Business Plan

In August 2008, USDA published A Business Plan to Advance Animal Disease Traceability. We are using that plan to guide our efforts to increase NAIS' functionality. The plan articulates these key priorities for USDA in fulfilling the long term vision for NAIS and demonstrating greater accountability for the program:

- Prioritize implementation by species/sectors, taking into account where the greatest disease concerns and traceability opportunities exist
- Harmonize animal ID programs
- Standardize data elements of disease programs to ensure compatibility
- Integrate automated data capture technology with disease programs
- Partner with states, tribes, and territories
- Collaborate with industry
- Advance ID technologies

Secretary Vilsack has made it clear that NAIS should be implemented in a way that is sensitive to the unique qualities of different species and the way they are raised and processed. We have prioritized each species based on the need for improved traceability and developed supporting strategies that will work effectively for each species.

The Business Plan specifically provides benchmarks to guide the NAIS' progress towards the long-term goal of 48-hour traceback of affected or exposed animals in the event of an animal disease outbreak. Our immediate goal is to ensure that a minimum critical mass of producers is on board, which we estimate would be 70 percent of the animals in a specific species/sector that could be identified and traceable to their premises of origin. I must emphasize that while 70 percent would provide some measure of traceability, we really need to achieve higher participation rates, perhaps as high as 90 percent, to ensure the benefits of the system.

We must have data element standards to have compatible systems to communicate effectively among industry, state, and federal systems. For this reason, one of our key strategies is use of a standardized location identifier-the premises identification number-when recording locations that participate in activities related to a disease program and when responding to an animal disease event or outbreak. In an effort to proceed with establishing the standardized PIN, our Agency published a proposed rule on January 13, 2009, "Official Animal Identification Numbering Systems," (Docket No. APHIS-2007-0096) in the Federal Register and is inviting comments on the proposal through March 16, 2009. The proposed rule would establish the 7-character PIN as the standard location identifier.

USDA has also moved forward on another key strategy: integrating electronic data capture and reporting technologies into existing disease programs. By using NAIS-compliant identification devices that support automated data capture technology and by integrating handheld computers/readers to replace paper-based forms, animal health officials can electronically record and submit essential data to USDA's Animal Health and Surveillance Monitoring database and other animal health databases. The electronic collection of data increases the volume and quality of information and speeds data entry into searchable databases.

While NAIS' purpose is to provide critical animal health data, it can support industry-based marketing efforts. USDA's Agricultural Marketing Service (AMS) has capitalized on the NAIS 840 animal identification eartag as a producer-friendly, practical solution to meet the requirements of country-of-origin labeling. AMS is strongly encouraging the use of NAIS participation to identify animals involved in USDA Process Verified Programs and Quality Systems Assessment Programs. This will allow producers to use one animal numbering system and ID method for multiple uses, simplifying their recordkeeping and reducing the costs associated with

multiple ID tags. Producers who obtain a premises identification number for their operation and identify their animals using NAIS-compliant methods will be able to provide adequate information on the origin of their livestock to packers. Packers can rely upon this information for their origin claims on products.

Levels of Participation

The poultry industry, through the support of the National Poultry Improvement Plan (NPIP), continues to have a high level of traceability-estimated at more than 95 percent today. Premises are already well defined and industry organizations and leaders from the National Turkey Federation, National Chicken Council, United Egg Producers, and APHIS are merging existing records with NAIS.

The level of traceability in the pork industry has progressed well. Collaborative effort of the National Pork Board (NPB) and state and Federal animal health officials has led to an 80 percent increase in premise registration. The commercial swine industry utilizes group/lot identification extensively, thus premises information alone provides a high level of traceability.

We can trace most sheep back to the flock of origin due in large part to industry participation in the National Scrapie Eradication Program. An estimated 95 percent of sheep flocks are listed in the scrapie database.

The cattle industry remains our highest priority due to the lack of official identification. While interest and participation in NAIS have increased as a result of 840 AIN tags being readily available, the rate at which official identification is increasing in the cattle industry continues to concern us. The Business Plan includes goals to have 50 percent of the calves born after January 1, 2008, officially identified to their birth premises by October 2009 and 60 percent by October 2010. We initially anticipated that Country of Origin Labeling (COOL) would significantly increase the use of 840 AIN tags. However, a significant part of the industry appears to support using the paper affidavits to meet its compliance requirement. Therefore, we may have over-estimated the anticipated increase in use of 840 AIN tags resulting from COOL. Given our current strategies, it appears that achieving the traceability business plan goal for the cattle industry will be difficult.

Funding

As NAIS continues to progress, Secretary Vilsack and his team will be overseeing its continued development. The Secretary is starting with a full review of past spending within the NAIS program. We know accountability is essential to assure the American public that the Federal government is making the best and most efficient choices when it comes to their tax dollars. Accordingly, I would like to give you a brief overview of past funding activities.

We have obligated $118.9 million since 2004 to develop and implement NAIS. We invested nearly $18 million, or about 15 percent of total obligations, on development of high caliber information technology (IT) systems, which are critical in making NAIS a success. We used eighty percent of those IT funds to support premises registration; 14 percent for animal identification; and 6 percent for the tracing component, including building capability to ensure USDA can interact with state and private Animal Tracking Databases.

We worked closely with states, Tribes, and Territories and provided them with $55.5 million, or 47 percent of total obligations, to administer and deliver the program through cooperative agreements. These funds provided on-the-ground resources to conduct education and outreach efforts, administer premises registration activities, and support selected pilot projects/field trials to explore innovative methods of advancing NAIS. We worked through the states and others to allay the concerns expressed by producers and others about what they deemed too much intervention by the Federal government. Also, working through states we reduced the amount of information collected and maintained by USDA, thus advancing the goal of confidentiality.

USDA also entered into several cooperative agreements with non-profit industry organizations. These agreements support efforts to promote NAIS and increase participation in premises registration, and these efforts cost approximately $3.5 million.

The education and outreach efforts, through cooperative agreements with states, Tribes, Territories, and industry organizations, were part of the policy of persuading producers to participate in a voluntary system. We also used approximately $10.4 million, or about 9 percent, of the total obligations for national-level communications aimed at increasing producer awareness and understanding of, and participation in, NAIS.

The balance of the funding over the past 5 years supported the USDA staff leading the NAIS effort. This includes the many veterinarians, information specialists, statisticians and others involved in designing the program. It also includes the

APHIS veterinarians and other animal health professionals located throughout the United States. They worked closely with their state and industry counterparts to promote an understanding of and participation in NAIS.

We understand the importance of accountability in the NAIS program, and assure you that we continue to look for ways to improve program oversight. We have allocated funding in accordance with the strategic direction of the program. As we look to the future and take a hard look at program strategy, we will adjust the funding allocations as appropriate.

Conclusion

Thank you for the opportunity to testify before you today on this important issue. USDA recognizes that we must be able to quickly and effectively trace animals linked to a disease event in order to enable a quick response to eradicate or control the disease. Enhancing these capabilities through the NAIS strengthens our ability to protect the health of U.S. livestock and poultry, as well as the economic well-being of those industries.

Implementation of the NAIS has been one of my highest priorities as Chief Veterinary Officer. It is time to reassess our strategy to ensure that we achieve significant increases in participation rates to reach the critical mass we need for an effective program. As I stated in my introduction, the Secretary is carefully weighing all of the options to determine how USDA and its partners can make NAIS more effective and successful. We look forward to continued collaboration with the states, industry, producers, and the Committee to develop NAIS policy in a manner that invites and is responsive to the input of all stakeholders.

I'd be happy to answer any questions.

The CHAIRMAN. The Chair would like to remind Members that they will be recognized for questioning in the order of seniority for Members who were here at the start of the hearing. After that, Members will be recognized in the order of arrival. I certainly appreciate the Members' understanding of this.

Let me just start with a question or two right quick.

Dr. Clifford, if we had a disease outbreak today that was airborne, are we prepared to trace, track, and quarantine animals in 48 hours?

Dr. CLIFFORD. Let me give just a little bit of clarification on that because if a disease were airborne or easily passed through air, I think the critical component here is whether that disease has the ability to spread very rapidly and has a very short incubation period versus a long incubation period. When you talk about tuberculosis, that's a very long incubation period. With diseases like avian influenza, foot–and–mouth disease have very short incubation periods.

So, based upon today's standards, if we had a foot and mouth disease outbreak, we would not be able to get in front of that disease based upon its ability to spread and the speed of commerce. With avian influenza, though, with regards to the ability that we have and traceability within the commercial poultry sector, we would be able to get our hands around that very quickly and control that.

The CHAIRMAN. All right. But foot–and–mouth disease is one that we could not be able to track, correct?

Dr. CLIFFORD. It would obviously depend on how it entered and where it went and how quickly we were able to discover it. The fact is, with the ability of this disease to spread very rapidly, and if you take the example of TB, during the time it would take us to trace these, that disease can spread to many, states very rapidly.

The CHAIRMAN. Thank you very much.

Now, my other question is—I realize your testimony says that the Secretary is weighing all of the options to push animal ID forward. However, does the USDA support a mandatory system?

Dr. CLIFFORD. Sir, that decision would be left to the Secretary. As I indicated in my testimony, the Secretary is weighing those options.

I think, though, to say from APHIS's perspective, it is not an issue to me whether or not the system is voluntary or mandatory. It is an issue of having an effective system. This system currently as it is, with 35 percent producer participation, is not effective.

The CHAIRMAN. All right. Thank you very much.

Mr. Neugebauer.

Mr. NEUGEBAUER. Dr. Clifford, in your testimony you state that 35 percent of the premises have been registered. Do you have an idea of what percentage of the production that is?

Dr. CLIFFORD. No, sir; but I will see if I can determine that; and if I can, I will provide that for the record. USDA does not collect this information.

Mr. NEUGEBAUER. I think that will be helpful. Because you could have—35 percent of the premises may be a substantial part of the production, and so I think that would be helpful if you could furnish us that information.

Mr. NEUGEBAUER. One of the things that you stated in your testimony is that in case of an animal disease outbreak NAIS would enable the United States to demonstrate that certain areas are free of disease, potentially limiting market closures. In the post-BSE environment, we have been able to reopen some of the Asian markets, but our friends to the north, Canada, have not been able to open those. Those markets have not always opened up to them on the same basis that the U.S. is able to open up, and yet they have an animal ID, mandatory animal ID program. How has animal ID benefited Canada when you talk about market access?

Dr. CLIFFORD. Well, I think it has assisted Canada to help them with regards to market access traceability. And if you look at their recent findings with TB, for example—this is away from BSE—but with regards to TB, where we took months, weeks to find TB, they were able to do with their system in 19 days. And that is a significant event when you are talking about animal health; and that is really what we are talking about with this system with regards to animal traceability.

Mr. NEUGEBAUER. I get the traceback, but what I am saying is it didn't open up—it has not opened up markets for me, and that is part of your testimony. As we are going through this process, this is part of the debate; and I think this is an issue that we need to look at very carefully.

Dr. CLIFFORD. I think it does open up markets, and I think that it is important to open up markets. While BSE, frankly, has become more of an—oftentimes considered more of a political issue than a disease issue; because while it is a food safety concern—and we take that very seriously—we know how to control that disease. And a number of countries are still very concerned about that disease, and so BSE is one where there are difficulties even with the U.S. with regards to opening up those markets.

Mr. NEUGEBAUER. But, in this case, it did not necessarily help Canada?

Dr. CLIFFORD. I think that would be best for Canada to be able to respond to that.

Mr. NEUGEBAUER. A lot of people are conflicted in they think currently that the Secretary of Agriculture may have the statutory authority to implement a mandatory ID program. What is your opinion on that?

Dr. CLIFFORD. Yes; the Secretary has the statutory authority under the Animal Health Protection Act to make the program mandatory.

Mr. NEUGEBAUER. So if the Secretary decides to do that, we would not need legislation to implement that?

Dr. CLIFFORD. No, sir.

Mr. NEUGEBAUER. Many of my constituents are concerned about the amount of data that has been proposed to be collected in a number of these databases; and when I talk to different producer groups, some say that a limited amount of information should be kept; others say that the proponents of a mandatory ID want more data. How are we going to ensure, if we implement this system, that proprietary information is protected to the people that are furnishing this information?

Dr. CLIFFORD. We are very concerned about this issue with regards to confidentiality, and we take it very seriously. Actually, we collect very little data with regards to our system with the premises registration. It is really nothing more than a phone book within that system. In fact, some states may collect more data, but we don't keep those within our system.

With regard to the industry's concern, in fact, we went outside with animal-tracking systems and have connected with private-sector systems as well as state-sector systems so all of the animal-tracking data would be kept outside of the Federal government.

In addition, we have always protected producer data and have been able to protect that data thus far.

Mr. NEUGEBAUER. But USDA would be able to—if called upon, these outside entities— to furnish that data, would they have to furnish that to you?

Dr. CLIFFORD. Part of the agreement with the outside entities that we are connected to is that animal health officials would only use that data for purposes of an animal health event. And that is part of the agreement that we sign with those companies, yes, and the states.

Also, Ranking Member, I would just like to—your earlier question about the number of premises and what number or total that is with the number of animals in commerce, that is not data we collect. So, as I said, we will look into that, but I don't want this Committee to think that we have that data, because we don't. We don't have the number of animals people have. That is not in that database. It is a very limited amount of data there.

The CHAIRMAN. Chairman Peterson.

Mr. PETERSON. Thank you, Chairman.

It is my understanding, Dr. Clifford, that a cost-benefit analysis of NAIS was completed by Kansas State University and is in your possession for review; is that correct?

Dr. CLIFFORD. Yes, sir.

Mr. PETERSON. Can you provide that to the Committee?

Dr. CLIFFORD. Yes, sir. We are reviewing that document now, and we will provide that information through the Secretary and provide it to the Committee as soon as the Secretary has an opportunity to review that.

Mr. PETERSON. How long will that be?

Dr. CLIFFORD. We want to get it to you as quickly as possible and not delay. So we understand——

Mr. PETERSON. Is there any possibility you can summarize the conclusions, or does it have to go through the Secretary first?

Dr. CLIFFORD. I may be able to provide you a brief summary very soon, if that would be suitable.

Mr. PETERSON. You can't do that now?

Dr. CLIFFORD. Well, I think it is important that I articulate it in an appropriate way. And I will say, based upon the $200 million figure, under a mandatory system for both government and industry, you are looking at over $200 million for a mandatory system; and those numbers will vary depending upon the percentage of producers that participate in a mandatory system.

So, in other words, you are probably not going to reach 100 percent, but there are different cost levels between 90 percent and 100 percent and those types of figures. And then a bookend approach is typically something less than $200 million.

Mr. PETERSON. I don't want to get too much in the weeds here on what has happened, but a lot of the effort, I think, has been in trying to identify premises.

Dr. CLIFFORD. Yes, sir.

Mr. PETERSON. And have the states done that on your behalf? Is that basically what has been happening?

Dr. CLIFFORD. Well, actually, it has been more than states. It has been states. It has been our own folks. We have also done a lot of outreach effort. Under a voluntary system, you have to have more expenditures to reach out to——

Mr. PETERSON. But don't some states have a mandatory premise ID requirement?

Dr. CLIFFORD. A few states do, yes, sir; and a few states that didn't have a mandatory requirement went ahead and moved premises information that they had over to this system.

Mr. PETERSON. It has been suggested by some that we setup a system whereby we kind of set the parameters, set the standards, and then have the individual states actually carry this out on a state-by-state basis. Do you think that is a workable solution? Because the idea is that the producers are more comfortable with their state licensing people. They are used to working with them.

And could we set up some kind of mandatory system where we just set the—you have to use this kind of database, it is compatible, the readers and all of that, so that it all works together but actually let the states implement this. Has that been looked at, and is that a workable solution?

Dr. CLIFFORD. It is something we have looked at. I think that components of the system can be done that way.

As I mentioned earlier with regards to the animal-tracking components, we do feel that it is important to have a national premise identification component that is kept at the national level.

Mr. PETERSON. But what I am saying is, yes, we would keep it, certain of this information, the premises and stuff that we have to have. But instead of USDA or the Federal government, doing the work to have this tracked, to have the individual states do it and then you collect the information from them because you——

Dr. CLIFFORD. Well, that is actually the system now. The states now have the responsibility of getting that data into the system. And then they use our allocator system for the pin number, and they will also use our repository where that pin information is kept. And it is kept on a state-by-state basis.

Mr. PETERSON. Do you think the states have the ability—say the Secretary decided to make a mandatory system and the states then are required to implement a mandatory system and they are the ones that are required to set it up and make it happen within a certain period of time. Do you think that is a feasible thing that every state would be able to do this?

Dr. CLIFFORD. I think that in some cases the states would be, and in some states we would need to provide more assistance. I think it is really a larger picture than that. All of our cooperative animal health programs are cooperative with our state counterparts. Both of these components and the industry components are critical to our success in many of our disease programs; and I believe that a cooperative program is necessary and needed, sir.

Mr. PETERSON. Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman from Alabama, Mr. Rogers.

Mr. ROGERS. Thank you, Mr. Chairman.

You talked about the cooperative nature, and you said it depends on that. So you are saying the Department doesn't have a stick to force a state to participate. Is that implicit in that remark?

Dr. CLIFFORD. That is not what I intended in that remark.

But, basically, when we are talking about our cooperative disease programs, both the state and Federal government helped develop those programs together and implement them together.

Mr. ROGERS. So if the Secretary decided that he or she wanted to implement a mandatory ID program, you could compel the states to form whatever necessary infrastructure to do that, to implement it?

Dr. CLIFFORD. Our compelling—or our authority would lie in the interstate commerce of those animals. So it would be in the interstate and international commerce where we would compel them to abide by that, yes.

Mr. ROGERS. It felt like Chairman Peterson was getting to the point if the states could do it, whether or not you could make them, if they did not have the adequate infrastructure.

You said we have 35 percent participation now. You didn't know if it was just premises or if that included animals, with Mr. Neugebauer's question. Of that 35 percent, are they uniform ID systems? I have been led to believe that they are two or three different ID systems now that are in existence. Is that incorrect? Or are they uniform?

Dr. CLIFFORD. When you are talking about 35 percent with regards to ID systems, for example, the poultry and the pork sector would use group lot more. It is not about individual ID. The 35 percent, it represents a premise identification number. So then that number would be tied to individual ID or group lot.

And with regards to individual ID, there are many different ID devices that we have approved and a number of companies that have developed those devices in accordance with our requirements; and those devices are species specific. So, for example, you may have a special type, one for the pork industry, another one for cattle, and another one type for sheep and goats.

Mr. ROGERS. So if we decided to press or if the Department decided to press this animal ID to try to get the hundred percent participation, the current systems wouldn't have to be modified?

Dr. CLIFFORD. That is correct. The decision would need to be what approach we would take, and whether that would be a book-end-type approach or a 48-hour traceability approach where you have a totally integrated system. And the 48-hour traceability would require—because of the technology needs, to move to an RFID-type technology. So the producers would have to use that, with the exception of group lot identification. Those animals move in a group and lot and stay together. They don't require individual ID.

Mr. ROGERS. Thank you. That's all I have, Mr. Chairman.

The CHAIRMAN. The gentleman from Iowa, Mr. Boswell.

Mr. BOSWELL. Thank you very much, Mr. Chairman. I, too, thank you for having this meeting.

It was interesting, the discussions going on about what happened to our industry, and I say "our" because I am involved in it, too, as many of you know. If a disease would break out, then what would we do? And as one of my staff reminded me, I spent a lot of time in the military, and the military runs on its stomach. Where are we going to get our protein? Where are we going to get our food material if we should have a big shutdown?

So I think Chairman Peterson said it pretty succinctly. We have got to do deal with this. So I am going to leave that statement.

But I think I would ask this to our witness. So what are you recommending to the Secretary? You have got his ear. What are you suggesting he do?

Dr. CLIFFORD. I would leave that up to the Secretary. But I would recommend to the Secretary that if we are going to continue down this road the system needs to be effective; and in order for it to be effective, it has to have a high level of participation.

Mr. BOSWELL. Good non-answer. What are you going to recommend for him to do?

Dr. CLIFFORD. As I said, the system——

Mr. BOSWELL. No. Come on. Just give me an answer. What are you going to recommend?

Dr. CLIFFORD. Congressman, I think that it is important that I stick with my previous answer on this.

Mr. BOSWELL. Mr. Chairman, why don't you dismiss the witness? He doesn't want to talk with us.

The CHAIRMAN. The gentleman from Nebraska, Mr. Smith.

Mr. SMITH. If I might follow up. When do you expect to have a recommendation?

Dr. CLIFFORD. To the Department?

Mr. SMITH. Correct.

Dr. CLIFFORD. We have had some discussions already with the Secretary and provided some information, and I think that it will require some additional information, and the Secretary is reviewing that.

Mr. SMITH. So in terms of a time line for a recommendation, though—I mean, formulating the policy, I would assume that eventually the Department will come up with a decision with recommendations gathered along the way. When do you think the Department would be able to come up with the policy?

Dr. CLIFFORD. I can't answer that for the Secretary. That would be a decision for the Secretary's office to make on the direction we are going to go in the Department.

Mr. SMITH. Is there anyone else testifying today who might be able to answer?

Dr. CLIFFORD. I don't think so, sir.

Mr. SMITH. So your are representing the Department?

Dr. CLIFFORD. Yes, sir.

Mr. SMITH. But you can't really give——

Dr. CLIFFORD. I can't speak for the Secretary; no, sir.

Mr. SMITH. Okay. Let me proceed, then, to another topic here.

We know that there are examples in government where confidential information, very sensitive information, I would say, has inadvertently been distributed, not necessarily in the USDA but in other agencies; and I know that there is concern among many that information will be shared that shouldn't be, even if it is accidentally. I mean, you would have other agencies probably laying claim to the fact that they should have access, whether it is the EPA, whether it is Centers for Disease Control, Homeland Security, IRS. How do you think we could ensure that only USDA would have access to the information?

Dr. CLIFFORD. Actually, we have had a lot of information over the years with disease programs and animal ID; and we have always kept that information confidential except in a very compelling case. In a compelling case, sure, there are legal issues there that may require us to release that. But I don't believe that we would release that just because IRS or EPA or anyone else wanted to see that information.

Mr. SMITH. Can you speak to any of those safeguards and how that logistically works?

Dr. CLIFFORD. We wouldn't release it to them. This system was developed for animal health purposes. That is its intent, and that is our commitment to the industry.

Mr. SMITH. I think you alluded earlier that sometimes the ″disease issues″ become a political issue, whether it is with trade or other things.

What about the Freedom of Information Act? How would that apply or not apply to the information obtained and contained at USDA?

Dr. CLIFFORD. It can be requested under the Freedom of Information Act; and, obviously, we can be challenged under the Freedom of Information Act. To date, we have been able to protect that data.

Mr. SMITH. Unknown from this point forward?

Dr. CLIFFORD. All I can do is base it on past history, and we have been able to protect it to date.

Mr. SMITH. Is there a cause for concern about the future?

Dr. CLIFFORD. I think that because of the concern of the industry that, yes, we have concern about confidentiality issues. I think it is a very important issue. It is something that I think is an appropriate issue for this body to be discussing, as well as the Secretary.

Mr. SMITH. I realize you are not very comfortable speaking of your recommendations to the Secretary or what the Secretary might recommend ultimately or when. Is this part of your concern to voice to the Secretary?

Dr. CLIFFORD. The Secretary is very well aware of the confidentiality concerns of the producers' sect, yes; and he is also aware that we feel it is very important to be able to protect that data.

Mr. SMITH. So how do you think, moving forward, we should handle this issue?

Dr. CLIFFORD. I think that some of those decisions are going to have to be made, as I indicated, by Congress and by the Secretary as to how we move forward.

Mr. SMITH. The Secretary has the discretionary authority currently to implement a mandatory program?

Dr. CLIFFORD. Yes.

Mr. SMITH. But I hear you saying you are deferring to Congress for that?

Dr. CLIFFORD. I am not saying that at all. I think that it is an important point that needs to be discussed and addressed both at the Secretary level and by Congress. That is all I am saying. I mean, with regards to that issue. I am not saying who should take the lead or not.

Mr. SMITH. Okay. My time has expired. Thank you.

The CHAIRMAN. Thank you very much.

The gentleman from Maryland, Mr. Kratovil.

Mr. KRATOVIL. Let me ask it a different way. You certainly bring to the table a substantial insight into the costs and benefits of having an effective system, correct?

Dr. CLIFFORD. Yes.

Mr. KRATOVIL. Do you, based on your experience, believe that you can, in fact, have an effective system if it is not mandatory?

Dr. CLIFFORD. I think that, based upon the last several years, we have not been effective in signing premises up. So the current system is not working. So either it is going to have to be mandatory or provide an incentive for producers under a voluntary system to sign up.

Mr. KRATOVIL. And if it is not mandatory, what is the alternative in terms of a voluntary incentive that would thereby encourage and thereby make it effective?

Dr. CLIFFORD. It would either have to be an incentive of providing up-front resources potentially, that is one idea, as Chairman Peterson mentioned, to incentives within the market to drive this.

Some people have felt that the COOL rule would actually help drive animal ID. Thus far, we have not seen that boost for that.

Mr. KRATOVIL. I gather in making some sorts of recommendation to the Secretary, again bringing to the table your expertise, you have weighed both the costs and benefits of having a mandatory system. What do you see as the most legitimate criticism of a mandatory system? And if a system were imposed, what would USDA do to address whatever those legitimate concerns are?

Dr. CLIFFORD. That is a good question.

I think that would require some definite thought with regards to the concerns. The concerns that are obvious to us are confidentiality. We want to be able to protect the producers' information such as we have in the past, and we think that is a critical component to get their buy-in and support for this system.

There are also the cost factors. So I think that we—it would be prudent to look at ways where we can minimize that cost, especially to small farmers, small producers, in order to get to the level of participation that is needed.

There are also an area where a number of folks have raised concerns over the years, and hopefully we have addressed those properly, where people make assumptions that we want them or we require—them to register when their animals are not in commerce. It is really not the number of animals somebody owns; it is the question of whether those are in commerce.

So backyard-type poultry, if somebody has got a few small animals in their backyard, or a horse, we are not interested in those animals except to say we would recommend that they have their premises registered; which costs practically nothing for them to do that. Only because if there was a disease outbreak in that area, it is critically important to for us to know all of those animals of that species that are susceptible to that disease within that location because it helps us be more effective in our job and helps protect them as well.

Mr. KRATOVIL. So there are concerns that are raised either coming down from the Secretary or legislatively? There would be ways to deal with whatever those concerns are?

Dr. CLIFFORD. I think there would be a number of ways to address many of those concerns.

Mr. KRATOVIL. What states have mandatory systems? You mentioned a number of states have them.

Dr. CLIFFORD. When you are talking about mandatory, it is not necessarily mandatory across all species, but Wisconsin has mandatory premises identification. Michigan requires identification in their live cattle due to TB which requires, as a part of that, the official ID to be registered with the premise. And then, also, Indiana requires animals within the state that move to have premises registration; those that are going to sales, shows, exhibitions.

Mr. KRATOVIL. As part of those, have you looked at and evaluated those systems?

Mr. KRATOVIL. We have, as well as other states; and those are the states, when you look at the premises registered, that—there are 13 states that have more than 50 percent premises registered. That is 7 of those states.

Mr. KRATOVIL. Okay. Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman from Iowa, Mr. King.

Mr. KING. Thank you, Mr. Chairman.

Dr. Clifford, I thank you for your testimony and your responses to these questions.

My first question is just a clarification one. It seems to be endemic across the livestock identification vernacular, when I hear the word "premise" and the word "premises," can we clarify that that means one and the same thing? That we really mean premises?

Dr. CLIFFORD. Yes, it is premises. I am sorry.

Mr. KING. I wanted to make that point.

Dr. CLIFFORD. Sometimes that is my habit as well.

Mr. KING. Is the Department willing to endorse the idea of indemnifying a producer from liability that might be achieved through FOIA action? I mean, you can protect your information, but there is no guarantee on a FOIA. If there is a Freedom of Information Act that is filed and that information is divulged and it results in litigation, that would be the liability created for a producer. Because of potential mandatory ID, that could be a system that could be imposed by the Secretary. What is the Department's position on recommending statutory protection for those producers?

Dr. CLIFFORD. I don't think that we have discussed that with the Department. That is something that we would have to discuss with regards to the liability issue.

Mr. KING. I raise that point because I think that is the only way that we can protect producers if this process of livestock identification moves along. I think that we should be compelled, as a Committee, to take a very close look at how we protect producers that might be exposed by a mandatory livestock ID program through FOIA.

And another point would be, as I listen to you testify, we are talking about an animal ID or livestock ID system that is created for the purpose of controlling disease in case there is a disease outbreak and protecting the industry and food safety. Are there other tools that might be encompassed here that we haven't discussed, or is it a single mission?

Dr. CLIFFORD. Well, our mission has been for the animal health components. And that, also, when you have healthy animals, you are going to have a safer food supply. That has been our mission.

But there are other benefits that we have seen from this. For example, if you have a hurricane on a coastline or, more recently, snowstorms in Colorado, premises identification information was used by the state in order to contact producers in locations to see if there was a need in assistance for feed for their cattle.

Mr. KING. What about grade and yield, other breeding information, that kind of data that breeders keep and it is their intellectual property that they may or may not want to provide availability to other breeders, producers, or perhaps their customers? Is there any provision that you have envisioned that would allow producers to use this as a marketing tool and a way to improve the production of the livestock?

Dr. CLIFFORD. They could certainly use the system as an identification device for their own personal use. We would not want their personal business information that you had described and would

not house that, but they could certainly use the system to track those things with regards to their own personal animals, absolutely.

Mr. KING. As far as a sophisticated type of a system, that would not and—very unlikely—could not be housed within USDA. If the vision were the vision of utilizing animal identification for all of the menu list of purposes that it might be useful for, we can't do it within USDA then?

Dr. CLIFFORD. We do not want that information.

Mr. KING. I have one final question here, and that is the goal of a 48-hour traceability, as part of your testimony—I will just say my goal is a little different than that. I think you can get a truck anywhere in America in 48 hours. So if it is disease eradication and control or the spread of it, I would think that with the modern technology that we have we should be able to do real time. I will just say, let us just put this out here for a different vision.

We started out with 48-hour discussion some years ago. I will submit today let us talk about the time frame of click-of-the-mouse, rather than 48 hours. If you are going to build a software, you might as well do it click-of-the-mouse. I know it takes longer to get the notices out there some places where you have to use telephones and people. But at least to do the traceback, I am going to suggest that should be instantaneous; and I would appreciate your opinion on that.

Dr. CLIFFORD. I would like to explain it in this way. During an outbreak situation with a disease like foot-and-mouth disease that, with the speed of commerce can spread very rapidly, when we talk about 48-hour traceability, what it really means is for us to be able to sit down at the keyboard, just like you say, and in realtime get that information about, in a full traceability system, where we know where those animals potentially have been and whether animals have been exposed.

So we immediately, from that point, would start contacting those markets, those slaughter facilities, those truckers, those farmers and ranchers and say, "Halt," so that you are not putting commerce on hold as a whole and trying to stop commerce across all the U.S. So you are trying to stop commerce where you know the disease is likely to be. And then you immediately send resources in there and draw down, with the potential to shrink that.

Mr. KING. Thank you, Dr. Clifford.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. The gentleman from Wisconsin, Mr. Kagen.

Mr. KAGEN. Thank you, Mr. Chairman.

And thank you, Dr. Clifford, for being here this morning and answering almost all of our questions. We do have some concerns.

I always ask myself three questions about anything that is coming forward, whether it be in business or here in government. The first question is, will it work? The second question is whether or not it is going to be good for both business and for consumers alike. And finally, is it the right thing to do?

On all three of these questions, I would gather your answer would be yes, you believe a mandatory animal ID system across the country is best for business, that it is going to work, it is going to be good for consumers, and it is the right thing to do.

Am I correct that you would agree with those presumptions of your answers?

Dr. CLIFFORD. Yes, I do. And, in fact, the system we have built to date—and that is one of the definite good things that have come out of that—has provided the foundation to do just that.

Mr. KAGEN. Well, you are aware of the Wisconsin Livestock Identification Consortium, aren't you?

Dr. CLIFFORD. Yes.

Mr. KAGEN. And would you hold that up as a national model of something you might want to attain?

Dr. CLIFFORD. I think they have been very effective in what they have done.

Mr. KAGEN. So we could use the Wisconsin model as something for the country?

Dr. CLIFFORD. Oh, the Wisconsin system actually is the system that we have developed at USDA.

Mr. KAGEN. So you developed it by imitation, something that happens here in Congress as well.

Dr. CLIFFORD. Well, it was a joint effort with the IT system, is what I am saying. We have further expanded upon that.

Mr. KAGEN. Right. With regard to whether or not things will work out the way you would like it to, maybe you could fill in a few blanks that I have in my head about the RFID system. How expensive is that, per head? Does it really provide you with the best technology available? What would it cost me if I am milking cows, per head?

Dr. CLIFFORD. It will cost in the range of $3 to $5 per head right now. And we are talking about labor cost as well as costs for the reader. Those are some of the things—for small producers, we can try to look at reducing some of those costs. I think the costs over time, as well, will decrease as more of this technology is used.

So that is kind of a range. And I think that some of that data and information and more specific to that range could be in the cost-benefit analysis, once we provide that to you all.

I think it is important to note that, if you are going to 48-hour traceability, you have to have the speed of commerce. The technology needs to be developed to be able to meet the speed of commerce, because if we don't, if we are slowing down commerce, it is not going to be utilized and it is not going to be effective. So it is critical for that use.

Mr. KAGEN. My final question to you is, can we afford not to institute a mandatory animal ID system?

Dr. CLIFFORD. Again, I would have to state that those are policy decisions for the Secretary. But regardless, we need an effective system. In order to have an effective system, it is either going to need to be mandatory or have appropriate incentives for the producers to participate.

Mr. KAGEN. Well, I look forward to working with you and other Members of this Committee to fashion a system that is going to be good for our producers and consumers alike in keeping not just the health of our economy but the health of our people and our livestock in mind.

Thank you very much.

I yield back.

The CHAIRMAN. The gentleman from Tennessee, Mr. Roe?

The gentleman from Texas, Mr. Conaway?

Mr. CONAWAY. Thank you, Mr. Secretary—I am sorry—Mr. Chairman.

The CHAIRMAN. Thanks for the promotion.

Mr. CONAWAY. I wanted to start a rumor that you are joining the administration and get that kicked out there. Just kidding.

It never occurred to me—I have one horse who is a big, fat pasture pet, rarely ever leaves my property. It didn't occur to me until you just said that I am contributing to those who use this 35 percent compliance registration of premises, that I am contributing to that issue by not registering my premises. Did you really intend for me to register my premises?

Dr. CLIFFORD. Can you repeat, sir, what you have again?

Mr. CONAWAY. One fat horse.

Dr. CLIFFORD. No. I did not intend for you to register your premise. What I did say, though, is it is recommended only from a standpoint because if there is a disease occurrence within that location——

Mr. CONAWAY. So the registration requires me to tell you how many head I have?

Dr. CLIFFORD. No.

Mr. CONAWAY. Okay. If we don't know how many places or premises there are, how do we know only 35 percent of them have been registered?

Dr. CLIFFORD. When we talk about premises, we use that estimate based on the National Agricultural Statistical Service. And that estimate is based on 1.4 million premises in the U.S. that have farm income of at least $1,000.

Mr. CONAWAY. Okay. If there was an event and you had to do the trace-back, once that event is over, do you purge that data collected during the trace-back efforts from the system?

Dr. CLIFFORD. No, we don't. We keep that data.

Mr. CONAWAY. So that would be additional data——

Dr. CLIFFORD. It is important data for our analysis.

Mr. CONAWAY. But it was over, it is done, we know it all happened. You keep that data?

Dr. CLIFFORD. Absolutely.

Mr. CONAWAY. The Secretary has the authority to mandate a system. What recommendations are you going to make for changes to the FOIA?

You are pretty confident right now under the voluntary system that you can protect producer data under a voluntary system. If we go to a mandatory system and collect additional data and have new requirements in place, what recommendations are you going to make to change FOIA or to put protections in that allows our producers to know that, under the mandatory program, your answer is still the same, that you have complete confidence that the information ought to be made available?

Dr. CLIFFORD. Well, again, I would answer that based on history. And the history, as far as——

Mr. CONAWAY. Okay, but the history is going to be different. I mean, under a mandatory system the future is going to be different than it used to be.

Dr. CLIFFORD. It may be. But I am also not an attorney, so I don't know that I can answer the question about the FOIA rule per se, and I don't have a full concept of the FOIA laws.

But I will say, under mandatory systems of disease-eradication programs and information that we have had for years and years and years, we have been able to protect that data from release.

Mr. CONAWAY. Okay. Is this issue overplayed? Are producers just—don't want to comply with the overall deal because they believe their data is at risk? Are they overstating their concerns?

Dr. CLIFFORD. I think it is nothing more than a phonebook, but it is still their right.

Mr. CONAWAY. Under a mandatory system, though, you think they are concerned?

Dr. CLIFFORD. Again, even in a mandatory system, the premises identification is really nothing more than a location.

Mr. CONAWAY. On your incentive program to help the voluntary system out, I think under the farm bill we pay organic farmers $750 a year to maintain that status. Is this as important as organic farming?

Dr. CLIFFORD. This is very important.

Mr. CONAWAY. Is this more important or less important?

Dr. CLIFFORD. I am not going to judge that relative to organic farming. It is for animal health.

Mr. CONAWAY. Let's talk about food safety then. Is this issue more important or less important than organic farming?

Dr. CLIFFORD. This issue is extremely important to animal health and food safety.

Mr. CONAWAY. All right. And so, for $750 a year, we help people maintain their organic status. Are you recommending that we pay $750 a year to register premises?

Dr. CLIFFORD. I am not recommending that. But I am stating that there would be some incentive for a mandatory system, one or the other.

Mr. CONAWAY. Well, since we are in the $750 range, do you think $750 a year would be plenty of incentive to send you my name and address and the fact that I have one fat horse?

Dr. CLIFFORD. That is a judgment call for the individual. And I think it is——

Mr. CONAWAY. Well, I am looking forward to whatever advice you are going to give the Secretary. I understand we have you jammed up, and it is easy to whack you about the head and shoulders on this, because you really can't tell us these answers. But value judgments on these issues are something we hope we can look to you and your squad to help us with. Because we are all on the same side. We all want safe food, and we want the commerce to flourish, we want access to foreign markets, all those things. We are all on the same side.

So, thank you, Dr. Clifford. Appreciate you coming.

The CHAIRMAN. The gentleman from California, Mr. Baca?

Mr. BACA. Thank you very much, Mr. Chairman.

Thank you for being here, Dr. Clifford.

One of the questions that I have, in your testimony you state that USDA has provided states, tribes, and territories with $55.5

million, which comes out to be 47 percent of the total cost administered and delivered to NASA at the program.

Do states and tribes and territories contribute to the remaining 53 percent of the costs? That is question number one. And how much of the cost is incurred by the producers?

Dr. CLIFFORD. With regards to clarification on that question, are you talking about under a mandatory system or our current system?

Mr. BACA. The current system.

Dr. CLIFFORD. So, under the current system, the money we provide to the states in cooperative agreements and to the tribes, that money is there to be able to do two things primarily. One is to set the foundation and provide the support and infrastructure needed to register premises and to move NAIS forward.

The second component is—and a lot of these dollars are being spent for the outreach component in a voluntary system that has not been that effective. So that dollar amount, if under the current system were to continue, would either need to be continued or reduced to just support a basic infrastructure to support the current system, because it has not been effective in signing up producers.

Mr. BACA. How much of that cost, though, is incurred by the producers?

Dr. CLIFFORD. The costs that are incurred by the producers for premises registration are nominal. You can go online and sign up your premises or send in an application to the state. There is very little cost for signing up your premise.

Where the cost would occur to the producer is if they are using individual animal ID with their animals and the application of that animal ID, and that can be—RFID technology can range from $3 to $5 per animal. If you are putting in just a tag with non-RFID, it can be up to a cost of 50 cents to a dollar or even less in some cases, looking at the cost as well as for the labor needed to apply that.

Mr. BACA. Okay. And following up with that last comment, you said, when looking at the amount of funding each state receives and the number of premises each state has registered, the cost per registration varies from as little as $10 to as much as $800 per premise.

Can you account for the vast difference in the cost effectiveness of cooperative agreement funding?

Dr. CLIFFORD. Well, the cooperative agreement funding, as I indicated, about half of that has been provided to support the basic infrastructure, and the other half has been to do a lot of this outreach. So it depends upon how that outreach was done. And it would be agreement by agreement. So, in some cases, people went door to door. In other cases, they may have been doing phone or mailings and those types of things.

Mr. BACA. Is there a better scale that can be developed to bring that narrow gap? Because it surely varies between $10 to $800.

Dr. CLIFFORD. Well, when you say $800, it is because that particular state was not effective in being able to sign up those premises. In states where it was, that dollar amount per premises comes down substantially. And, for example, in the State of Wisconsin,

you had a mandatory premises identification, in 2004 their cost per premise was $128. In 2005 that cost went down to $17 per premise.

So those variables are directly dependent on their success in signing people up. If they are successful, those costs are going to come down on a per-premise basis. If they are not successful, they are going to climb.

Mr. BACA. Okay, thank you.

I yield back the balance of my time.

The CHAIRMAN. The gentleman from Virginia, Mr. Goodlatte?

Mr. GOODLATTE. Well, thank you, Mr. Chairman. I appreciate your holding this hearing.

I appreciate, Dr. Clifford, your testimony and your long and hard work on this issue. I very much appreciate that.

I share a number of the concerns raised by the Chairman regarding the lack of progress that has been made at the Department, the amount of money that has been spent, the amount of time that has been taken. I don't attribute that to you, but I do attribute it to schizophrenia that exists down at the Department on this.

As you noted, the previous Secretary of Agriculture, over 3 years ago, called for a voluntary animal identification system. But there are many down at the Department who don't agree with that, and I think that that has been a hindrance to the progress being made.

And I think there are a number of examples of why that has occurred. For example, I was pleased to hear you say that we are going to now get a cost-benefit analysis of animal identification system. But the Department has been working on this for well over 6 years, and you would think that if you were trying to sell producers on the merits of participating in a voluntary system, that this cost-benefit analysis would have been done at the outset and have been available to them for a long period of time.

So, first, let me ask you, is this cost-benefit analysis on a mandatory system or a voluntary system?

Dr. CLIFFORD. It is on both, sir.

Mr. GOODLATTE. And is it a cost-benefit analysis that is targeted at the overall benefits to our country, or is it targeted to the benefits that an individual producer will find if they participate?

Dr. CLIFFORD. I think it looks at all of the cost to both producer and to government. And it looks at the benefit of this with regards to trade, largely, and the movement of product.

Mr. GOODLATTE. Secondly, you have heard the concerns expressed here regarding the security of the information that producers would provide. You have provided assurance that the Department has protected other information that other farmers have had. And yet the Department has, on more than one occasion, recommended to the Congress that the Congress pass legislation to protect this information.

Dr. CLIFFORD. That is correct.

Mr. GOODLATTE. So, in your recommendation to the Secretary, who has the authority to put mandatory animal ID into place, would you recommend that he do so without action being taken by the Congress to provide the protection recommended by the Department? Or would you say, you have to wait until the Congress provides that protection?

Dr. CLIFFORD. I think it is important for the information to be protected. As far as the legal issues around this, I think that would best be answered by the Department's legal staff as well.

Mr. GOODLATTE. And they have recommended that the Congress take action to do that.

Now, you have analogized the protection of this information. All we have, right now anyway, is the equivalent of a phonebook. But, in a phonebook that I am familiar with, there is lots of information that is not in there because people have chosen not to put the information in the phonebook.

Would you recommend that they have that option? Because that is what a voluntary system is. A mandatory system says, you have to be listed in the phonebook, and you have to worry about whether somebody can have access to that phonebook who they don't want to have access to it.

Dr. CLIFFORD. Congressman, I would like to answer that in this way: Previously in all of our disease programs, we had developed ID systems specific to that program, and we always have assigned herd numbers, what we call herd numbers, to those herds at the government level. The fact is that those numbers were not consistent. One premises could have multiple numbers.

It is essential for us to have good-quality data and know where these animals are in a disease outbreak situation for us to be effective. In order to do that, we have to have basic premise identification information within that system.

Mr. GOODLATTE. I understand the need for information.

Dr. CLIFFORD. So my thing is, for it to be effective, it has to be——

Mr. GOODLATTE. Gotcha. In fact, I agree with you on that point. My concern, however, is, what happens to the person who doesn't want to participate? It is not like a phonebook.

Finally—Mr. Chairman, I might run over a few seconds, if that is all right—the third inconsistency I have is in your answers to the gentleman from Texas. You have recommended and you think that the only way to effectively do this is a mandatory system. But you have told him, as a very, very small producer, that it should be voluntary on his part.

And the people we hear from a lot, as you know, are people who have—and they are in the commercial market, in many instances. They may be selling that one fat horse or maybe not, but they are people who have, for example, a small number of poultry that they are raising on their grounds. And if those poultry are taken to the live markets in New York or other places, as you know, that is a very easy way for the diseases that we are all concerned about to spread.

So I guess my last question to you is, is what you are recommending really mandatory? Or is it actually mandatory with a lot of exceptions that would make it, in fact, voluntary for many people? That also seems to be a schizophrenic thing on the part of the Department in terms of what we are really striving for here. So is it mandatory, or is it voluntary?

Dr. CLIFFORD. The answer to that question really lies with the issues of commerce. If you have animals that are routinely going into commerce——

Mr. GOODLATTE. Even if it is a very small operation?

Dr. CLIFFORD. Even a small operation.

Mr. GOODLATTE. If you are only raising 3 or 4 or 5 birds and you take those to a market or something?

Dr. CLIFFORD. If you are continually raising those birds and taking them to a market, our belief is that they should be part of the system.

Mr. GOODLATTE. Okay.

Thank you very much, Mr. Chairman. I appreciate your forbearance.

And thank you, Dr. Clifford. I appreciate your answers.

The CHAIRMAN. Thank you.

The gentlewoman from Colorado, Ms. Markey, do you have a question? You are recognized for 5 minutes.

Ms. MARKEY. Yes. I had to step out, so if this question was already asked and answered, you can let me know.

But with respect to premise registration, beef cattle has shown to be the most difficult to register, while dairy cattle, poultry, swine, sheep, and goats have had a greater participation. So what do you think accounts for this disparity? And particularly with regard to cost, what do you see as the cost differential with beef cattle? And what do we do to address that?

Dr. CLIFFORD. I think the cost-benefit analysis will show this. In a mandatory system, the greatest cost for this program is going to be to the cattle sector. That is because of the cost—a lot of their animals would move as individual animals and not as group lots in commerce, which means that individual identification would have to be applied. So a large part of that cost would lie there with the producers with regards to the identification devices and the labor to put those devices in.

With regards to the lack of participation, I think it has been very difficult to get the beef cattle sector to sign up. That doesn't mean that there are not producers out there leading the charge. One of the reasons we went with cooperative agreements to the private sector to help assist in this effort is we thought members of those associations in the private sector would help stimulate participation. It has not been as effective as we would have liked. So even the private sectors and industry representatives have had difficulty in getting their own members to sign up.

Ms. MARKEY. And just as a follow-up, because the cost is a huge issue—any ways that you are looking at addressing this, to get the participation up with the cattle industry? And, as Chairman Peterson talked a little bit about having the states become more involved because they already have programs set up and some of these producers are already participating in those state programs.

Dr. CLIFFORD. Well, and there are ways to reduce some of this cost. Obviously, for our purposes, we believe that the animal needs to be identified for our purposes when it leaves that premise. So while it is on the premise, if it never leaves that premise, if it was born and raised on the premises, then it really doesn't need to, for our purposes, be identified. It may for the producer's purpose. That is one issue.

The other issue is, over time, as we apply these IDs and if we move to an RFID technology, we know that that cost is going to

come down through competition in the market. And so that will help drive down cost.

For the small producers, you can look at ways of trying to provide—the readers can be very expensive for the electronic technology. They can range from a few hundred dollars to a thousand or more dollars for a reader, which could be very expensive to a person who has 10 cows and would not want to purchase that.

So you could look at different methods where they wouldn't actually need a reader. Maybe they could utilize a reader from a community source or a co-op or something along those lines. Or there may be incentives from the Federal government or state government to help purchase some of those.

Mr. PETERSON. Would the gentlelady yield?

Ms. MARKEY. Yes.

Mr. PETERSON. I just want to make this perfectly clear if I didn't make it clear before.

I had a briefing last week where some folks over at Homeland Security estimate—and I don't know if I believe these numbers or not—say that the potential risk here to the cattle industry is anywhere from $30 billion to $100 billion—$30 billion to $100 billion. That is $300 to $1,000 per animal.

Now, I don't know if that is right or wrong, but say that it is right. What I am saying to people is, fine, you can get all hung up about FOIA and all this other stuff and drag your feet, but what you are doing is putting yourself at risk at some level of $300 to $1,000 an animal. That is what you are doing by continuing to drag this out. All I am saying is, fine, if that is what you want to do, have at it. But don't come back to me and ask for help if that happens to you, okay? You are on your own, and that is the choice you are making. And I will do what I can to make sure that the government doesn't bail you out if this happens to you.

Mr. GOODLATTE. Would the gentleman yield?

Mr. PETERSON. I just want people to understand.

Mr. GOODLATTE. If the gentlewoman will yield?

Mr. PETERSON. I yield.

Mr. GOODLATTE. I appreciate the gentleman's point. I think it is a good one. But wouldn't it also make sense to say that, if you want to participate in a voluntary system, that that would be one of the precautions? That if you are a participant in the system, you would be able to look to the government for help in time of a disaster, and if you didn't, you wouldn't? That is what we try to say to other forms of disaster relief.

Mr. PETERSON. That would be fine. I just think people need to understand the risk they are taking here.

Mr. GOODLATTE. I understand.

Mr. PETERSON. That is what I am concerned about.

Mr. GOODLATTE. And I share that concern.

Mr. PETERSON. And I would be of the same mode. If I was out there raising cattle, I wouldn't want the government knowing what I am doing either. That is my nature. But I think we have to get real about this.

We are going to try to get the Homeland Security Committee and us together to have a briefing that was given to me last week. I think people just need to understand what we are facing here. It

is bigger than just foot-and-mouth. There are other issues out there too that haven't really been talked about.

So, thank you, gentlelady from Colorado.

The CHAIRMAN. Does the lady from Colorado have another point, or are you complete with your questioning?

Ms. MARKEY. No. Thank you, sir. I am finished.

The CHAIRMAN. Mr. Boswell?

Mr. BOSWELL. Thank you, Mr. Chairman. I will be very brief.

There are some strong feelings, Dr. Clifford. You just heard some. I won't try to walk on you. But, you should have an opinion. I am not going to ask you to say any more; you have made your point. But if you are being muzzled or if you can't come up here and tell us what we need to know—I mean, you are an expert. That is why we wanted you to be here. We value your expertise. If you are told you can't come up here and give us straight answers, then we probably need to know that. It is just very frustrating, as we feel the tensions that is—I will wait. Go ahead and get your counsel because——

Dr. CLIFFORD. Congressman——

Mr. BOSWELL. I am not finished. I was pausing while you got your counsel there.

Dr. CLIFFORD. Okay. I am sorry. I apologize.

Mr. BOSWELL. Which is okay. I do the same thing. And we all do. That is why I am not criticizing you for getting counsel. But if you can't come and tell us, we ought to know that.

Mr. Chairman, you can't effectively lead us if we can't have witnesses come and give us their best of their experience. So if he can't speak for the Department, maybe we could rephrase it and say, "Well, what is your opinion?" versus "What are you recommending?" Maybe he can't share what he is recommending.

I guess I get there because, in my many years of military service—and this is a compliment to general officers, people of star rank, flag officers—they will support their commanding officer up the line right up to the Commander in Chief, no question about it. That is the way it works. But every time I have ever had the experience, when I was on the Intelligence Committee or anything else, "But, sir, do you have an opinion?" And then they would say, "Well, this is my opinion, just my opinion," but they would give it. And it was very valuable. It helped. It helped the security of this country.

And I think that is what you are on, Mr. Chairman, is you are concerned about the security of the country and not just our industry of livestock, but it is a big security thing. So anyway, that is just a suggestion.

Thank you. I yield back.

The CHAIRMAN. Do you have your opinion on this?

Dr. CLIFFORD. Yes, sir.

Mr. BOSWELL. Let's have it.

Dr. CLIFFORD. I do have my opinion. The system that we have thus far has not worked. Unless we can provide adequate incentives for them under a voluntary system, it has to be mandatory.

The CHAIRMAN. All right. Thank you very much.

Mr. BOSWELL. And I thank you, too. Thank you very much. I hope you will forgive me for being so crass.

Dr. CLIFFORD. No problem, sir.

The CHAIRMAN. We appreciate you in securing his opinion. It was very helpful. Thank you, Mr. Boswell. Sort of like pulling teeth, isn't it?

I think we have Mr. Costa here. The gentleman from California?

Mr. COSTA. I am not so sure that it all hasn't been said, but maybe not everybody has said it. I was pleased to hear your final comment that, if you are going to have an animal ID program that is successful—I am not trying to put words in your mouth, so I just want to be clear—that it has to be mandatory, it can't be voluntary. Is that correct?

Dr. CLIFFORD. It is either that or it needs to have incentives that would get a high level of participation for producers.

I mean, frankly, sir, the bottom line for me is, as an animal health official for the U.S. government and somebody that cares very much about our animal health, the system has to be effective. This is not effective. And I don't think that this Secretary or even we want to continue to shove dollars at a system that we are not able to get the level of participation that we need to have an effective system.

Mr. COSTA. So for the implementation of a successful program, what would you say are the key elements in the transition that we have to make from where we are today to this mandatory program, realizing the diversity that exists today among the various segments within the industry; both from the cow-calf, the feed lot operations, the dairy operations; I mean the whole—and the packers? Have you given some thought on how you would take this current system that I think everyone agrees is not working——

Dr. CLIFFORD. Absolutely.

Mr. COSTA. And what are the steps?

Dr. CLIFFORD. You can't go from where we are today to a fully 100 percent participation in a matter of a short period of time and have all the tracking components and everything.

So, in the meantime, our recommendation would be to initially move to an immediate bookend approach, as Chairman Peterson mentioned earlier in his statement, which basically gives us the front end of premises being registered, and it collects that data and information at the time the animal is slaughtered or dies. So that we have two ends to connect the dots in between with the animal's movements.

Mr. COSTA. And in those bookends you envision what, a 12- or 24-month period? What timing are you looking at?

Dr. CLIFFORD. We believe we could have that in place—including the rulemaking for that, we would be looking at something around 2 years or less, to have that full—and then followed by another year or two with the traceability component.

Mr. COSTA. So we are talking about 3 years?

Dr. CLIFFORD. Probably 3 to 4 for full, effective implementation.

Mr. COSTA. What would be the second and third step necessary?

Dr. CLIFFORD. I am sorry?

Mr. COSTA. What would be the second and third step necessary to make this transition successful and to get buy-in from all of the various segments within the industry?

Dr. CLIFFORD. Well, to make the transition successful on the bookend approach, we have to have a high degree of premises registered on the front end, with ID being used in commerce.

And then the second component would be that the packers and slaughter facilities would need to be collecting and entering that information in the database at the time of the animal being slaughtered or at the time of death on the farm that that information is provided.

Mr. COSTA. And how do we pay for this?

Dr. CLIFFORD. The payment, depending upon the breakout for government versus private sector, would vary, and depending upon the level, but it is somewhere—the total payment necessary would be something less of—somewhere in the range of $160 million to $190 million for a bookend approach.

Mr. COSTA. And where would the data collection reside? Within each individual operation, i.e., whether it be a packer or whether it be a cow-calf operation or a dairy?

Dr. CLIFFORD. We would have the data with regards to the premise location and the ID itself. And then the ID would be retired once that animal is slaughtered.

Mr. COSTA. My final question—and I will submit some other questions, Mr. Chairman, with your permission, under unanimous consent—is, do you think for the successful implementation of a national ID program that it is necessary—or do you concur with the statement that it is necessary for a transparent implementation of the MCOOL program?

Dr. CLIFFORD. With the COOL program?

Mr. COSTA. Yes.

Dr. CLIFFORD. The COOL program is obviously a separate issue.

Mr. COSTA. Right.

Dr. CLIFFORD. But the 840 number has been basically called safe harbor as a basis for U.S.-born animals. And we have regulated that and allowed the 840 number to be used solely for U.S.-born animals for COOL. So it certainly—if that is utilized in COOL, it could be an assistance and a driver in animal ID.

Mr. COSTA. My time has expired, Mr. Chairman, but just for the Chairman and Members of the Committee, for your own thoughts, in my view you cannot have a successful implementation of a transparent MCOOL program without a national mandatory ID program. I just don't see how you do it. I know that we are talking—I believe the two are linked.

Thank you very much. My time has expired.

The CHAIRMAN. Thank you very much.

And we thank you, Dr. Clifford. This has been a very informative exchange. I am sure that you see from this Committee there are many, many questions, there is a great concern, because there is a great concern within the public about our food safety. Many questions are being raised. And it is my hope that you will be able to share with the Administration and with Mr. Vilsack how important this issue is. And this Subcommittee will be moving very aggressively to protect our food supply. And this National animal ID system is the key to that.

So we thank you.

And we will now have our second panel begin to assemble.

Thank you very much.

Dr. CLIFFORD. Thank you.

The CHAIRMAN. We want to welcome this panel, a very distinguished panel.

We also want to notify everyone that we will have a series of votes coming up at some point. We will pause at that particular point and go take these votes and come back and resume the panel. And we certainly appreciate your understanding and cooperation with us on our schedule for voting.

I want to welcome our distinguished panel, and let me introduce them at this time.

We have Mr. Bill Nutt, who is the President-elect of the Georgia Cattleman's Association, on behalf of National Cattleman's Beef Association, Cattle Health and Well-Being Committee. And he is from Cedartown, Georgia.

Welcome, Mr. Nutt. Glad to have you.

Dr. Max Thornsberry, DVM, who is the President of the Board of R-CALF USA, from Richland, Missouri.

Welcome. Good to have you, Dr. Thornsberry.

And we have Mr. Donald B. Butler, President of the National Pork Producers Council, from Clinton, North Carolina.

Welcome.

Dr. Karen Jordan, DVM, Owner, Large Animal Veterinary Services, co-owner, Brush Creek Swiss Farms, on behalf of the National Milk Producers Federation, Siler City, North Carolina.

And we have Dr. W. Ron DeHaven, D.V.M., M.B.A., Chief Executive Officer of the American Veterinarian Medical Association, Schaumburg, Illinois.

Welcome to all of you. Thank you for coming.

Mr. Nutt, we will begin with you.

STATEMENT OF BILL NUTT, PRESIDENT-ELECT, GEORGIA CATTLEMEN'S ASSOCIATION, ON BEHALF OF THE NATIONAL CATTLEMAN'S BEEF ASSOCIATION CATTLE HEALTH AND WELL-BEING COMMITTEE, CEDARTOWN, GEORGIA

Mr. NUTT. Thank you, Chairman Scott, Representative Neugebauer, Members of the Subcommittee, ladies and gentlemen. It is a pleasure to be here. I look forward to the opportunity to share with you some insights into the way we are operating a herd management system that, incidentally, provides animal traceability in there.

I operate a small cattle business in Georgia. We produce animals in Georgia and in Alabama, have premises in both states. We ship the animals to feed lots in Iowa. When they are ready, they are harvested, and the carcasses are sold on the markets in Omaha. So we are kind of an integrated operation that goes through several things in there.

Our management system is based on managing from cradle to grave for the animals that we raise. Any animal that is born on my place, my premises, gets identified and tagged on the day it is born. We follow it through for the period that it is available in our operation. At the point in time we send it to the feed lot, we transition to another system, a cooperative group that coordinates ship-

ments, moves them to the feed lot in Iowa. They have their own tracking system.

And, by the way, we have animal ID from day one and keep it current, and it gets handed off system to system.

When the animals get in the feed lot, still another system of tracking and record-keeping picks it up and follows it through to harvest. And it ties in with the packers and the harvest houses, data records in there. So there is a complete cradle-to-grave traceability and history of those individual animals by number in there.

You might say, what about animals I purchase? And we do that sometimes. We follow the same system with them, introducing a unique number on the day they enter our herd, and we follow them through in the other system as we go in.

This system is a market-driven, free-choice sort of thing that has operated for some years. It provides data, and the system is certified. All of those pieces allow my products to be sold on the international market, on the Japanese market, which is probably the most difficult export market to provide the data for in there.

Age and source verification, other premium identifiers are carried in the system. And it is basically a management system that allows us to focus on the high end of the market and getting the best deal we can for our products in there. It follows through, and it works very well. And the primary purpose is not animal traceability. The primary purpose is herd management and effective business management. And I would like to just follow this on through.

I would say that this system has worked for a number of years. The system does not—does not—require an electronic ID system. The system does provide for the use of electronic IDs. And I want to talk about that again in just a second, a couple of thoughts on the electronic ID situation in there. We do follow through, and it works very well.

How did this come about? Good business decisions led us to come up with this particular set of software. We could use what we have. There are other sources available that have been developed. They are all in the commercial market. They are market-driven, and they provide value-added data to producers like myself who use this information to try to fine-tune our operations and get things out.

Once again, incidentally, they provide traceability in there. Every time my animal moves from premise to premise, that is entered into the database. When it moves over to the feed lot coordination group, there is a different premise there, and so on, all down the chain, so that there is a track record there and the electronic IDs are there.

I ought to mention electronic IDs. We haven't used them in the past. I do have the readers. I do have them on some of my cattle. These are international standard, ISO-compliant devices. If you have never seen one of those, that is what an EID tag looks like. All it is is a piece of plastic. It has a little bit of electronic circuitry inside. And that by itself, with the proper reader, and when you put it in the tag of an animal and enter that into a database, lets you do some identity.

In practical purposes, it is awful hard when a cow is in a herd to go read that little ID, so we use supplemental things like visual ear tags.

The CHAIRMAN. Mr. Nutt, may I just interrupt just for one second? We want you to kind of wrap up. We have these pressured times. And to all of our witnesses, we are going to try to hold you close to the 5 minutes so that we can get everything in before we go vote, and then we can come back with questions. But your testimonies, your full testimonies are part of the record.

So if you could, Mr. Nutt, just summarize right quick, and we just appreciate you all understanding our time constraints.

Mr. NUTT. Thanks, Chairman Scott. I will do so.

I could summarize our position by saying this: We have a free-market-driven system that pays in the management of our activities. It wasn't contrived to do animal tracking, but it does indeed have that as a by-the-way fallout capability of it.

Would I be satisfied and comfortable with my whole system being swept into a mandatory ID system? Absolutely not. But that part of my system that has to do with an individual animal and where it is would indeed work in there.

Thank you very much for the opportunity to discuss with you, and I will be happy to answer any questions at the appropriate time.

[The prepared statement of Mr. Nutt follows:]

PREPARED STATEMENT OF BILL NUTT, PRESIDENT-ELECT, GEORGIA CATTLEMEN'S ASSOCIATION, ON BEHALF OF NATIONAL CATTLEMAN'S BEEF ASSOCIATION CATTLE HEALTH AND WELL-BEING COMMITTEE, CEDARTOWN, GEORGIA

Chairman Scott, Ranking Member Neugebauer, and Members of the Subcommittee, my name is Bill Nutt and I am a cattle producer from Cedartown, Georgia. I am President-elect of the Georgia Cattlemen's Association and a member of the National Cattlemen's Beef Association's (NCBA) Cattle Health and Well-Being Committee. I appreciate the opportunity to testify today on my use of animal identification.

I will start by stating that NCBA's policy supports a voluntary, market-driven approach to animal ID. The cattle industry recognizes the need for an animal identification plan that is an effective disease surveillance and monitoring tool which serves the needs of America's cattle producers. Enabling state and Federal animal health officials to respond rapidly and effectively to animal health emergencies, such as foreign animal disease outbreaks, is important in protecting our national herd, and NCBA has encouraged cattle producers to register their premises and participate in an animal ID program.

Our industry has serious reservations, though, about a mandatory animal ID program. One of the significant concerns is the confidentiality of producer information that would be held in a USDA database. All data on producers, their land and premises, and their cattle is extremely sensitive, and in many cases proprietary. This is not the type of information that is meant for public disclosure. The release of that information would expose producers to additional liability and risk. The location of their operation could open them up to protests by activist groups at their front gate. The location and number of their cattle could be used against them by competitors or potential buyers.

USDA does not have a good track record when it comes to information confidentiality. As recently as 2007, USDA had problems with FSA leaking producers' social security numbers through their website. If USDA cannot guarantee the security of something as important as social security numbers, how are we to expect them to safeguard our animal ID information? More importantly, it has yet to be shown that USDA can prevent the animal ID database information from being released to a Freedom of Information Act (FOIA) request.

Animal identification, animal movement, and premises registration information should be held in a secure location and protected from disclosure. In addition, the

information should only be accessed by the appropriate state and federal agencies in the event of a Secretary of Agriculture declared animal health emergency.

In the meantime, NCBA supports voluntary adoption of individual animal identification programs that support genetic improvement, source verification, and disease surveillance. In addition, the private sector should have a central role in providing identification solutions that fit the varying needs of America's cattle producers. The private sector should be utilized to provide ISO-compliant identification devices and data collection systems, distribution of system components, and associated hardware and system certification. The private sector should also provide the various software elements required to make the animal ID system work by tracking premise-to-premise animal movements during each animal's lifetime so as to provide a responsive trace-back capability in the event of a declared animal health emergency. The private sector involvement will enable and allow competitive market forces to benefit producers and industry while maintaining the objectives of the National Animal Identification System (NAIS).

I would like to explain to you how I utilize voluntary, market-driven animal identification in my own operation. I am one of many smaller producers in the beef industry. I have found that cooperative efforts with other producers enables my operation to be responsive to the ever-changing beef market demands, that when responded to, can enhance our success in serving these markets profitably.

For many years I have produced high quality beef cattle that I raise in Georgia, ship to Iowa cooperatively with other producers for custom feeding by another small farmer-feeder group, and then, still within the cooperative effort, sell the finished carcasses in Omaha. I have found no better way for producers of quality beef to receive the full value of the cattle we so carefully bred, developed, and raised for the markets we target.

I maintain lifetime data on all my animals starting on the day they are born on my operations, and in the case of purchased animals, when they enter my herd. The record and tracking systems I use provide, among other things, source and age verification capability that qualifies the beef produced to be sold in premium markets that require source/age, genetic, and other certifications that result in my customers paying premiums for these certifications. Age and source verification alone can add $40 to $80 premiums for finished beef.

The data collection and management system used on my operation is simple. Cattle raised on my premises are recorded and tracked beginning on the day they are born. Each animal is processed and tagged in the pasture and pertinent information (eg: tag number, date of birth, sire, dam, birth-weight, etc.) is entered in permanent field record books. The data is then put into a computerized system. Pertinent individual animal data is subsequently added into the record system during the time each animal is in my system. When animals are shipped to Iowa feedlots, the feedlot system picks up tracking and follows each animal through harvest and subsequent carcass sales. I receive periodic status and performance reports during the feeding process, and when each feedlot pen is closed out, comprehensive records of each animal are provided back to me.

This feedback data, combined with the information collected prior to shipment, forms the basis for careful on-going total herd management to meet my business plan objectives. It enables me to monitor the effectiveness of my genetic development efforts and other key management objectives. This system relies on a unique animal identity for tracking but does not require Electronic ID (EID) tags to function. Visual ear tags have worked for many years and continue to function satisfactorily. However, additional use of market-driven, commercially available ISO compliant EIDs correlated to the visual tags is becoming more widely utilized in facilitating individual animal identification in mass processing. Our current systems handle the addition of commercially available visual tag-correlated EIDs with no problems today and will continue to do so in the future, barring unforeseen complications from ill advised regulatory agencies.

While my system has been developed on my operation based on commercially available software which I have tailored to my needs, a number of similar animal identification and tracking systems exist and can be used. Commercial systems are available, and many beef breed associations have tagging systems available to identify, promote, and market cattle based on their particular genetics. Other sources, such as the Southeastern Livestock Network—a regional multi-state cooperative producer group, have available data management systems that collect and process the individual animal data in ways that add value to producers.

These validated systems are all private sector, market driven, and voluntarily applied based on efficient business management principals. Traceability is provided, and since the private systems are not subject to FOIA, data confidentiality is not an issue!

Our systems currently work effectively in response to competitive market driven forces. These systems were developed, and work well, under the concepts of the voluntary NAIS cooperatively developed by industry and involved agencies. I am very concerned, however, about the effects of the latest USDA proposals and initiatives. Moving to mandatory animal ID will change our system from a flexible, market-driven approach to a rigid bureaucratic system that gets in the way of good business management of our operations and adds additional risks and potential liabilities.

According to APHIS, the proposed rule entitled USDA APHIS "Official Animal Identification Numbering Systems" is the next step in developing a nationally integrated, modern animal disease response system and is intended to create greater standardization and uniformity of official numbering systems and ear tags used in both official animal disease programs and the National Animal Identification System (NAIS).

While it would not technically require the use of the animal identification number (AIN), the rule would require that when AINs are used, only those numbers beginning with the 840 prefix will be recognized as official for use. This will be effective for all AIN tags applied to animals 1 year or more after the date of the finalization of this proposed rule. It would also remove the current Premises Identification Number (PIN) format that uses the state postal abbreviation and proposes to create a single national seven-character alphanumeric code format. In addition, the rule would create new requirements for official ear tags and going forward, official ear tags used in animal disease programs could only be issued to registered premises that have PINs. All official ear tags would be required to bear the U.S. shield and the use of the shield will be allowed only on official identification devices approved by APHIS.

A good example of my concerns is the apparent fixation within USDA to control and track movements of official APHIS EID tags and the proposed rule mandating "840" tags as the only acceptable tags. This will further restrict the distribution of these tags, thus making it more and more difficult and expensive for the beef industry to have ready access to the EIDs. Consider the following; for an EID to work within the system, it is mandatory that each EID comply with recognized ISO technical specifications that apply worldwide. The 840 EIDs comply, as do numerous other functionally equivalent EIDs that are widely available and widely used. Incidentally, 840 refers to the first three digits in the standardized multi-digit number sets that provide a unique numeric identifier for each EID in accordance with International standards. Currently, the initial three digit set is used as a country or as an EID manufacturer's code.

In reality, valid ISO compliant EID's in the production and distribution systems, in my supply cabinet, or anywhere else prior to their being attached to an individual animal and the number/animal/premise data entered into a database, have absolutely no practical significance to any animal tracking system! Until these conditions are met, the EIDs are nothing more than tiny, uniquely identified electronic devices encased in plastic.

It is extremely difficult to categorize efforts to track and control production and distribution of the EIDs as a "value added" function. Rather, these bureaucratic efforts simply add additional and unnecessary costs throughout the system by impeding competitive production and distribution, thus resulting in increased costs and aggravation to producers which in turn will discourage producer support and participation. Should this occur, the tracking systems' software must continue (as they do now) to be capable of recognizing that U.S. operations will probably always operate with multiple initial digit sets.

The issue of premises registration is also of some concern. The APHIS proposal seeks to change the current, state-by-state system into a uniform, national system. We ask APHIS to look at the impact on producers, like me, who have already registered premises to determine the economic impact of having to change to a uniform system. This change cannot but additional economic burdens on cattle producers.

In conclusion, I hope you see how a voluntary, market-driven animal identification system can work for producers, and why we are against a mandatory system. The lack of effort to protect producer data or ensure private sector involvement are just many reasons why we cannot support a mandatory system.

The CHAIRMAN. Thank you, Mr. Nutt.

Dr. Thornsberry?

STATEMENT OF R.M. "Max" THORNSBERRY, D.V.M, PRESIDENT OF THE BOARD, R-CALF USA, RICHLAND, MISSOURI

Dr. THORNSBERRY. Yes, thank you very much. Good morning, Chairman Scott and Ranking Member Neugebauer and the Members of the Subcommittee. I do appreciate the opportunity to be here.

I am Dr. Max Thornsberry. I am a 32-year practicing veterinarian, food animal primarily, from southern Missouri. My family has been in that area from the 1830s, and I am the fourth generation to live on the same farm and raise livestock. So we have a long background and history of being part of the livestock system.

I also got out of veterinary school in 1977 and participated in the latter end of the hog cholera eradication. The very first herd that I tested for brucellosis in August of 1977 had 65 bangers, or positive cows, in it. So I have had a very firm and practical education in disease eradication and control.

I need to speak to you today from representing the members of R-CALF USA. We are an independent livestock organization. I am president of the board of directors. There are 10 directors scattered across the United States, representing various states. I represent the six midwestern states where most of the cow-calf operations are in the United States. Missouri is the number-two cow-calf state in the union. Texas is the only other state that has more mother cows than calves produced.

We have heard some information today that I think is incorrect. You have heard that there are 35 percent of the premises signed up for animal ID. That is a misleading number. If you were to count the dairy and the pork and the poultry, that would be very, very appropriate. But when you count beef production in the State of Missouri, our state veterinarian said we have between 7 and 9 percent of the beef operations signed up. That is after millions of dollars being spent nationwide and hundreds of thousands of dollars being spent in Missouri to try to get people enticed to sign up for a free premises ID.

People in my state that have a cow herd average of 33 cows per farmer are not interested in the system. They are interested in the system that Mr. Nutt has defined, a market-driven system. I have a 500-head preconditioning lot. I have been in animal ID since 1998. I have a computer, a printer, two readers in case one goes down, a hookup to the Internet, and a series of tags and taggers that are required for me to participate. That is a cost I have incurred because there is an economic advantage for me to participate. Average producers in our state do not see that economic advantage. They do not want a premises number assigned to their real estate.

This thing is primarily driven by treaties and other agreements we have made with the World Trade Organization. Sitting in the American Association of Bovine Practitioners meeting 2 years ago in Vancouver, Bruce and I told a group of about 600 veterinarians, the question was asked. "Mr. Knight, why are you so hell bent on getting this system on to my clients?" And he replied, "It is very simple. We want to be in compliance with the OIE by 2010." Now, some of you may not know what the OIE is, but it is the Office of International Epizootics. It is a World Trade-represented organiza-

tion that is in Belgium. It is the organization that is demanding that we have animal ID.

Now, if we get animal ID in the United States, that will be Canada and us and possibly Uruguay in the Western Hemisphere that have identified and put in place such a system. That puts us in a very unfair trading position.

I spent, in 2005, a couple of weeks in all of Central America, in Nicaragua, Honduras, Costa Rica. The only Central American country I didn't go to was Belize and Panama. And I can tell you, those countries are not going to participate in electronic mandatory animal ID. They have had cattle there since Columbus landed, and they have a hot-iron branding system that they like. You can even go to the poorest country in the Western Hemisphere in Haiti and they have a hot-iron brand certificate that must accompany the transfer of ownership of livestock.

There are many systems that our organization has in place. We do not oppose animal ID, but we do oppose it being mandatory. Our policy is very simple: If you want to participate, fine; if you don't, fine.

We have had very successful systems in the past that have worked and functioned to control and eradicate diseases. And those systems are being disingenuously negated by indicating that we must have a national animal ID system in place. I do agree that if we are going to have a system, it will be mandatory, and the cost of that mandatory system will be many times more than the $200 million figure that you have been given.

Thank you.

[The prepared statement of Dr. Thornsberry follows:]

PREPARED STATEMENT OF ROBERT MAX THORNSBERRY, D.V.M., M.B.A., PRESIDENT OF THE BOARD, R-CALF USA, RICHLAND, MISSOURI

Good morning Chairman Scott, Ranking Minority Member Neugebauer, and Members of the Subcommittee. I am Max Thornsberry, D.V.M., and I thank you for the opportunity to provide testimony regarding the Subcommittee's review of animal identification systems.

I am here today representing the cattle-producing members of R-CALF USA, the Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America. R-CALF USA is a membership-based, national, nonprofit trade association that represents exclusively United States farmers and ranchers who raise and sell live cattle. We have thousands of members located in 47 states and our membership consists of seed stock producers (breeders), cow/calf producers, backgrounders, stockers and feeders. The demographics of our membership are reflective of the demographics of the entire U.S. cattle industry, with membership ranging from the largest of cow/calf producers and large feeders to the smallest of cow/calf producers and small feeders. Our organization's mission is to ensure the continued profitability and viability for all independent U.S. cattle producers.

Today I will describe the various animal identification systems employed by the U.S. cattle industry and explain how, together with prudent disease prevention strategies, those systems have successfully prevented, controlled and eradicated animal diseases better than in any other country in the world. Also, I will address why the U.S. Department of Agriculture's (USDA's) proposed National Animal Identification System (NAIS) represents a weakening of our superior disease prevention, control and eradication strategies, and why the NAIS is ill-conceived, unnecessary, unworkable and un-American.

I. Introduction

The United States' success in preventing, controlling, and eradicating diseases and pests in livestock and preventing zoonotic diseases from infecting humans relies on the following three independent, though interrelated, strategies that I will list in descending order of effectiveness:

1. Disease Prevention (preventing the introduction of diseases into the U.S. cattle herd): consisting of good animal husbandry practices, vaccination programs, and border restrictions that disallow disease vectors from entering the United States.

2. Disease Control (halting the spread and dissemination of a disease inadvertently introduced into the U.S. cattle herd): consisting of disease reporting, disease surveillance, geographical containment, quarantines, restrictions on animal movements, identifying and monitoring animals-of-interest, and elimination of disease vectors.

3. Disease Mitigation (minimizing the risk of human exposure to potentially contaminated meat products when contamination is probable): consisting of the removal of high-risk tissues from human food and animal feed and enforcement of sanitary food processing and handling procedures.

As recently as 2003, 13 federal executive Departments and agencies, including USDA, Health and Human Services (HHS), Department of Commerce, and the U.S. Trade Representative formed a Federal Inter-Agency Working Group and reported to Congress on the actions by federal agencies to prevent foot-and-mouth disease (FMD), bovine spongiform encephalopathy (BSE), and related diseases. The group reinforced the need for each of foregoing strategies in order to protect the United States from the introduction and spread of bovine spongiform encephalopathy (BSE).[1]

II. Mandatory Animal Identification Is Not An Effective Disease Prevention Tool

Mandatory animal identification is not an effective tool for preventing the introduction of diseases into the U.S. cattle herd, and there is empirical evidence that the United States has unwittingly relied upon animal identification as a disease prevention measure to the detriment of the health of the U.S. cattle herd, the U.S. economy, and U.S. consumers. For example:

1. In its attempt to prevent the introduction of bovine tuberculosis (TB) and brucellosis into the U.S. cattle herd from Mexican cattle imports, USDA requires all Mexican cattle imported into the U.S. to be individually identified with a permanent brand or a numbered eartag.[2] However, USDA's Office of Inspector General (OIG) reported in 2006 that of the 272 bovine TB cases detected during the previous 5 years by U.S. slaughter surveillance, 75 percent (205) originated in Mexico, and these cases were detected in 12 U.S. states.[3] The OIG explained that because Mexican cattle spend many months on U.S. farms and ranches prior to slaughter, each bovine TB case is potentially spreading the disease in the United States.[4] Thus, not only is the mandatory animal identification of Mexican cattle not helping to control or eradicate TB in the U.S., its misapplication as a disease prevention tool is actually contributing to the spread of the disease, which continues to cause significant economic losses for U.S. farmers and ranchers, as well as increased health and safety risks to the U.S. cattle herd and consumers.

2. In an attempt to ensure compliance with the health and safety provisions contained in USDA's rule that reopened the Canadian border to imports of live Canadian cattle, despite Canada's ongoing BSE outbreak, USDA required, beginning in July 2005, that all Canadian imports be permanently and individually identified with eartags and brands (cattle imported in sealed trucks for immediate slaughter were exempted).[5] However, the OIG reported that USDA did not adequately meet required health and safety provisions designed to prevent the introduction of BSE.[6] In a March 2008 report, the OIG found that over 142,000 identified cattle and swine from Canada were slaughtered in U.S. slaughtering establishments without USDA ensuring that proper import proto-

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[1] See Animal Disease Risk Assessment, Prevention, and Control Act of 2001 (PL 107-9), Final Report, PL 107-9 Federal Inter-Agency Working Group, January 2003 (disease prevention and control strategies are found at 40, 41).

[2] See 9 CFR §§ 93.427(c), (d).

[3] See Audit Report: Animal and Plant Health Inspection Service's Control Over the Bovine Tuberculosis Eradication Program, U.S. Department of Agriculture, Office of Inspector General, Midwest Region, Report No. 50601-0009-Ch, September 2006, at 19, 20.

[4] See id., at iii.

[5] See 70 *Federal Register*, at 549.

[6] See Audit Report: USDA's Controls Over the Importation and Movement of Live Animals, Office of Inspector General, Midwest Region, Report No. 50601-0012-Ch, March 2008, et. seq.

cols were in place,[7] that USDA could not ensure that identified Canadian cattle even arrived at approved slaughtering establishments,[8] and that there were 145 indications of non-compliance with the health and safety standards contained in the agency's rule.[9] In addition, another OIG report revealed that USDA was not properly performing and/or enforcing ante-mortem inspections of cattle at slaughter and that a measure crucial to the protection of human health—the removal of specified risk materials (SRMs)—is not being performed properly, even at plants that slaughter cull cattle that have an inherently higher risk for BSE.[10] Thus, while individual animal identification was touted as a mitigation measure to help prevent the introduction and spread of BSE, as well as to prevent human exposure to the disease, the mandatory individual identification of Canadian cattle functioned as a false panacea that has effectively subjected the U.S. cattle herd and consumers to increased health risks.

R-CALF USA fully supports the mandatory identification of all imported cattle with a permanent hot-iron brand that would conspicuously denote the animals' country-of-origin. However, the importation of foreign cattle subject to such mandatory animal identification should only be allowed following a scientific determination that the country-of-origin of the imported cattle presents no known risk for any serious communicable disease. Because mandatory animal identification can neither prevent the introduction of disease, nor even mitigate potential introduction of disease, the purpose of such mandatory animal identification for imported cattle would be to facilitate the location and monitoring of cattle imported from a country that experiences a communicable disease outbreak subsequent to the scientific determination that the disease was not known to exist in that country.

III. USDA Provides No Evidence That Existing Disease Programs Are Inadequate

The U.S. has been highly successful in controlling and/or eradicating animal diseases following their introduction into the U.S. cattle herd. For example, of diseases that affect cattle, swine, or multiple species reportable to the World Organization for Animal Health (OIE) that have occurred in the U.S., contagious bovine pleuropneumonia has not reoccurred since 1892, foot-and-mouth disease (FMD) has not reoccurred since 1929, bovine babesiosis has not reoccurred on the U.S. mainland since 1943, classical swine fever has not reoccurred since 1976, brucellosis (Brucella melitensis) has not reoccurred since 1999, and porcine cysticercosis has not reoccurred since 2004.[11]

Bovine TB presented a significant risk to people and caused considerable losses in the cattle industry in the early 1900s, but by the 1990s USDA's Animal and Plant Health Inspection Service (APHIS) had reduced bovine TB prevalence to "very low levels."[12] Even despite the continued reintroduction of bovine tuberculosis (TB) in Mexican cattle, as discussed above, at the end of 2007 APHIS reported that "49 U.S. states (including Michigan's Upper Peninsula and part of New Mexico), Puerto Rico, and the U.S. Virgin Islands were considered Accredited TB Free."[13] In 1954, APHIS set out to eradicate brucellosis, and by the end of 2007 APHIS reported that "49 states, Puerto Rico, and the U.S. Virgin Islands were officially declared free of brucellosis."[14] According to APHIS, "The only known remaining reservoir of Brucella abortus infection in the Nation is in wild bison and elk in the Greater Yellowstone Area (GYA),"[15] and cattle in proximity to the GYA from both Montana and Wyoming have recently been infected.

Results such as these completely contradict USDA's claim that a radical, new, and unproven National Animal Identification System (NAIS) is now needed in order to

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[7] See Audit Report: USDA's Controls Over the Importation and Movement of Live Animals, Office of Inspector General, Midwest Region, Report No. 50601-0012-Ch, March 2008, at 29.
[8] See id., at 16.
[9] See id., at 8.
[10] See Audit Report: Evaluation of FSIS Management Controls Over Pre-Slaughter Activities, U.S. Department of Agriculture, Great Plains Region, Report No. 24601-0007-KC, November 2008, et. seq.
[11] See Table A2.3: Status of the Occurrence of OIE-Reportable Diseases in the United States, 2007, 2007 United States Animal Health Report, U.S. Department of Agriculture, Animal and Plant Health Inspection Service, Agriculture Information Bulletin No. 803, issued September 2008, at 133, 134.
[12] 2007 United States Animal Health Report, U.S. Department of Agriculture, Animal and Plant Health Inspection Service, Agriculture Information Bulletin No. 803, issued September 2008, at 29.
[13] Ibid.
[14] Id., at 35.
[15] Id., at 37.

effectively control the spread of animal diseases in the United States. Obviously, USDA did not lack necessary resources to control and eradicate animal disease outbreaks in the U.S. during the past 117 years.

Congress should take particular notice of APHIS' failure to provide any semblance of a scientific risk assessment to support its assertion that NAIS is now necessary to effectively control and eradicate animal diseases. In particular, Congress should demand from USDA a science-based evaluation of the epidemiological necessity and/or value of achieving 48-hour traceback—a stated goal of NAIS—to effectively control the range of diseases likely to affect livestock. This goal is without any scientific support and appears wholly arbitrary, particularly when one considers that many communicable diseases have long incubation periods and are slow spreading, e.g., brucellosis, bovine TB, and BSE. Moreover, communicable diseases that spread swiftly, such as FMD, require immediate geographical containment and quarantine strategies, not the identification of individual animals-of-interest. And, many diseases are spread by vectors other than domestic livestock, such as the spread of Rift Valley Fever by mosquitoes,[16] and therefore require very different containment and control strategies unrelated to livestock identification. R-CALF USA is disturbed by how decision makers have so uncritically subscribed to USDA's assertions regarding the need for NAIS without any substantiating scientific evidence.

IV. The Driving Force Behind NAIS Is A Desire To Conform To International Standards

This leads us to the fact that USDA's radical NAIS concept did not originate on U.S. soil and was not predicated on a need to improve the United States' ability to control the spread of animal diseases. Instead, the impetus for NAIS was the World Trade Organization's (WTO's) goal, formulated in 1995, of facilitating international trade through the liberalization of international trade rules.[17] Because livestock presented a unique challenge to international trade—i.e., a heightened potential for disease spread—the WTO relies upon the OIE to set international standards for managing the human health and animal health risks associated with trading livestock within a more liberalized, global trade environment.[18] As an inducement for the United States and other countries, which historically were averse to assuming the heightened risks associated with imported livestock, particularly livestock produced in developing countries where veterinary infrastructure was lacking, the OIE offered animal identification as a global strategy to mitigate such risks and to facilitate trade. In effect, the OIE sought to convince the United States and other developed countries to abandon their longstanding disease prevention strategies in favor of less effective disease management strategies necessitated by the OIE's trade liberalization goal. To accomplish this goal, the OIE encourages each of its 172 member-countries to "establish a legal framework for the implementation and enforcement of animal identification and animal traceability in the country."[19] Led by USDA, the United States, without conducting its own scientific analysis regarding the need for such a program, was among the first countries to oblige.

From the outset, USDA has aggressively lobbied Congress and the U.S. cattle industry to conform to the OIE's animal identification edict, and it continues to do so today. As recently as March 2008, former USDA Under Secretary for Marketing and Regulatory Programs Bruce Knight argued, in his speech on NAIS delivered at the Houston Livestock Show and Rodeo, that USDA needs to align U.S. rules with international guidelines. In support of NAIS, Knight stated:

> Other countries, which don't yet have their own traceability systems fully in place and therefore can't, under WTO rules, require it of other countries, will still prefer to purchase from sources that can demonstrate traceability . . . But the sooner producers in the U.S. and around the world get on board with animal ID, the more options they will have to market their livestock. In other

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[16] See Rift Valley Fever, Saudi Arabia, Impact Worksheet, USDA APHIS, Veterinary Services, Center for Emerging Issues, September 20, 2000, available at *http://www.aphis.usda.gov/vs/ceah/cei/taf/iw__2000__files/foreign/rvf__saudi0900e.htm.*

[17] See Understanding the WTO, World Trade Organization, Geneva, Switzerland, February 2007, at 1, 11, available at *http://www.wto.org/english/thewto__e/whatis__e/tif__e/utw__chap1__e.pdf.*

[18] See OIE Objectives, World Organization for Animal Health (OIE), Paris, France, available at *http://www.oie.int/eng/OIE/en__objectifs.htm#3.*

[19] Chapter 4.1, General Principals on Identification and Traceability of Live Animals, Terrestrial Animal Health Code, OIE, Article 4.1.1 (7), available at *http://www.oie.int/eng/normes/mcode/en__chapitre__1.4.1.htm#rubrique__tracabilite__d__animaux__vivants.*

words, traceability is the key to international sales and market expansion. Animal ID will open doors for producers everywhere. [20]

This evidence substantiates R-CALF USA's contention that the driving force behind NAIS is not a science-based determination that a 48-hour traceback, or any other component of NAIS, is needed to effectively prevent, control, and eradicate livestock diseases, but rather, it was the previous Administration's desire to lead the rest of the world toward full conformity with international trade standards regarding animal identification. [21] Further substantiating this contention is the universal scope of USDA's proposed NAIS, which originally intended to include bison, beef cattle, dairy cattle, swine, sheep, goats, camelids (alpacas and llamas), horses, cervids (deer and elk), poultry (eight species including game birds), and aquaculture (eleven species), regardless of their intended use as seedstock, commercial, pets or other personal uses. [22] Casting such a broad net that effectively encompasses nearly all animal species potentially subject to international trade, without regard to whether such animals would even be animals-of-interest in any particular epidemiological investigation, strongly suggests that USDA first established a goal to conform to international trade standards and then it subsequently worked backward in order to align its actions with a perceived source of authority. In other words, USDA decided to impose a national animal identification system on U.S. livestock producers and then it invented the need to achieve 48-hour disease traceback capabilities in order to justify and legitimize its pursuit.

IV. APHIS Has Improperly Imposed Nais On U.S. Livestock Producers

R-CALF USA believes that the goal of seeking conformity to international trade standards is a wholly inappropriate consideration for the exercise of APHIS' authority pursuant to the Animal Health Protection Act of 2002—the statute cited by USDA as its source of authority to implement NAIS. [23] In addition, R-CALF USA believes APHIS has far overreached any statutory authority it may have to require any type of animal identification by effectively implementing the foundational components of NAIS, i.e., registering individuals' private property in a federal database and registering individuals' livestock under a federal registry, without first initiating a rulemaking to afford the public any meaningful opportunity for comment. Indeed, contrary to claims made by APHIS that NAIS would remain voluntary, [24] thus assisting APHIS' effort to circumvent its rulemaking responsibilities, APHIS nevertheless mandated NAIS participation for producers participating in federal disease programs pursuant to an official memorandum issued by the agency on Sept. 22, 2008. [25] After objections raised by R-CALF USA and others, APHIS issued a new memorandum on Dec. 22, 2008, that canceled the memorandum issued on Sept. 22, 2008, though the practical effect on APHIS' mandate that producers participating in federal disease programs be registered under NAIS remained unchanged. [26]

VI. NAIS Imposes A Far Stricter And More Burdensome Standard On U.S. Livestock Producers Than USDA Imposes On Foreign Meatpacking Plants And Livestock From Foreign Countries

USDA, APHIS, and the USDA's Food and Safety Inspection Service (FSIS) have long argued that disease mitigation goals and food safety goals are best accomplished using a scientific, risk-based approach. Beginning in 1997, APHIS developed procedures to establish risk-based import requirements for livestock and livestock products imported into the United States, stating it would impose identical import

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[20] Animal ID and International Trade, Bruce I. Knight, Undersecretary for Marketing and Regulatory Programs, Houston Livestock Show and Rodeo, Houston, TX, March 4, 2008.

[21] See id. Former Under Secretary Bruce Knight reiterated USDA's often repeated mantra that "we need to lead by example, stressing the importance of OIE standards, to open markets as we encourage other countries to open theirs."

[22] See United States Animal Identification Plan, National Animal Identification Development Team, Version 4.1, Dec. 23, 2003, at 1.

[23] See Letter from U.S. Agriculture Secretary Tom Vilsack to Dr. R.M. Thornsberry, Feb. 23, 2009.

[24] See A Business Plan to Advance Animal Disease Traceability, USDA-APHIS, Version 1, September 2008, at 52 (APHIS reports that it published a document "to clarify NAIS as a voluntary program at the Federal level.").

[25] See Veterinary Services Memorandum No. 575.19, USDA-APHIS, Veterinary Services, Sept. 22, 2008 (the memorandum states that the premises identification number (PIN) established under NAIS "is to be the sole and standard location identifier for all VS [Veterinary Services] program activities" and that premises "will be registered in the NAIS.").

[26] See Veterinary Services Memorandum No. 575.19, USDA-APHIS, Veterinary Services, Dec. 22, 2008 ("All locations involved in the administration of VS [Veterinary Services] animal disease program activities conducted by VS personnel will be identified with a standardized [NAIS] PIN."

restriction on regions with identical risk situations.[27] In 2003, then Secretary of Agriculture Ann Veneman argued that there should be a more "practical, risk-based approach to trade" with countries such as Canada.[28] In 2005, APHIS publicly issued an official Response to R-CALF Factsheet, wherein the agency took great pains to argue that R-CALF USA was wrong in seeking stricter disease-related import controls because the agency's "scientifically sound, risk-based import and export standards" were the appropriate standards for disease control.[29] The OIG explained in 2008 that FSIS was using a "risk-based approach to select [foreign meatpacking] establishments" for safety inspections of foreign meatpacking plants.[30] The FSIS uses such inputs in selecting foreign establishments as "types and volume of product exported to the United States, past performance of an establishment's food safety controls of public health significance, and delistments of, or recommendations to delist, foreign establishments."[31]

USDA's NAIS, however, is the antithesis of a scientific, risk-based approach to disease mitigation as it treats each animal in the United States as if it were the subject of a disease investigation, registering each livestock owner's private property and tracking not only each animal's origin, but also its movements throughout its entire lifetime. Thus, while USDA, APHIS, and FSIS use a targeted, risk-based approach for determining which foreign animals are eligible for importation and which foreign meatpacking plants are subject to inspection, USDA does not intend to accord U.S. livestock producers or their livestock the same science-based consideration. Instead, USDA applies a double standard to U.S. livestock producers and their livestock by treating each and every one of them as a disease suspect. This inexplicable action by USDA is un-American.

VII. NAIS Is Void Of Practical Considerations For Controlling Animal Disease Outbreaks In The United States

A. APHIS has Misrepresented the Expanded Scope of Its Newly Defined Premises Registration Scheme

Contrary to claims made by APHIS that a foundational component of NAIS—the registration of producers' private property with a "premises identification"—has been part and parcel to the United States' successful brucellosis and bovine tuberculosis programs for decades,[32] there was no requirement for any specific geographical-based premises identification under either the brucellosis or tuberculosis programs.[33] In fact, the bovine TB program specifically authorized "a brand registered with an official brand registry" in lieu of a premises of origin identification.[34]

Firsthand and anecdotal evidence reveals that brucellosis eartags contain a numeric sequence that denotes the state of origin, the local veterinarian that affixed the tags, and a numbering sequence for each individual animal. The location, or premises, under which the paper records are maintained are completed by the local veterinarian licensed under the state animal health official, and he/she may identify the location where the animals were vaccinated and tagged using the name of the nearest town, the nearest highway intersection, or the physical address of the livestock owner. Importantly, the brucellosis and bovine TB programs most certainly did not include the premises identification number that is planned for use under

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[27] See Process for Foreign Animal Disease Evaluations, Regionalization, Risk Analysis, and Rulemaking, USDA-APHIS, Veterinary Services, National Center for Import and Export, 1997; see also 62 *Fed. Reg.*, at 56001.

[28] Transcript of Media Briefing with Agriculture Secretary Ann M. Veneman, Under Secretary for Farm and Foreign Agriculture Services, J.B. Penn, Under Secretary for Marketing and Regulatory Services Bill Hawks and Dr. Elsa Murano, Under Secretary for Food Safety regarding developments of the Canadian BSE Situation on Aug. 8, 2003, at 3.

[29] Response to R-CALF, APHIS Factsheet, USDA-APHIS, Feb. 2, 2005, at 2.

[30] Audit Report, Followup Review of Food and Safety Inspection Service's Controls over Imported Meat and Poultry Products, USDA Office of Inspector General, Northeast Region, Report No. 24601-08-Hy, August 2008, at 6.

[31] Id., at fn. 21.

[32] Veterinary Services Memorandum No. 575.19, USDA-APHIS, Veterinary Services, Dec. 22, 2008, at 2 ("VS [Veterinary Services] animal health programs have used premises identification for many years. For example, premises information was used in the early 1980s to support the eradication of brucellosis and tuberculosis in cattle.").

[33] See 69 Federal Register, at 64646, col. 3 ("The new definition of premises identification number (PIN) differs from the definition it is replacing not only in recognizing the new numbering system but also in recognizing a premises based on a state or federal animal health authority's determination that it is a geographically, rather than epidemiologically, distinct animal production unit.").

[34] See 9 CFR § 77.2 (definition of premises of origin identification in APHIS regulations as of Jan. 1, 2004).

NAIS, and which became effective under APHIS' final rule on July 18, 2007.[35] The premises identification number used prior to this recent rulemaking was defined as:

> [A] State's two-letter postal abbreviation followed by a number assigned by the state animal health official to a livestock production unit that is, in the judgment of the state animal health official or area veterinarian in charge, epidemiologically distinct from other livestock production units.[36]

Thus, the original premises identification number was predicated on the state of origin and assigned by the local veterinarian acting under the state animal health official, without any requirement to register a livestock producer's private property. This is radically different than the new premises identification number planned for use under NAIS. The new NAIS premises identification number usurps the sole judgment of the state animal health official by authorizing the federal government to make the assignment; it no longer expressly requires the state of origin identifier; and, it expressly requires the registration of real property. The newly developed premises identification number under the NAIS scheme is:

> A nationally unique number assigned by a state, Tribal, and/or Federal animal health authority to a premises that is, in the judgment of the state, tribal, and/or Federal animal health authority, a geographically distinct location from other premises. The premises identification number is associated with an address, geospatial coordinates, and/or other location descriptors which provide a verifiably unique location.[37]

Thus, APHIS has radically changed its preexisting disease programs by commandeering what was previously exclusive state and local control over the information required to identify livestock and livestock production units. The effect of this radical change is that livestock producers are now subject to a federal registration of their real property and a federal registration of their personal property (i.e., livestock) under the NAIS.

B. NAIS Unnecessarily Ignores and Supplants Preexisting, Time-Proven Animal Identification Systems

For over a century, USDA has effectively used various means of animal identification to control and eradicate animal diseases. Importantly, USDA, state animal health officials and Tribal animal health officials employed a science-based methodology to identify animals-of-interest in a specific disease program and targeted those animals for identification and subsequent monitoring and surveillance. For slow spreading diseases with long incubation periods, such as brucellosis, government officials targeted those animals in states where brucellosis was likely to exist and that would also be expected to enter the U.S. breeding herd. In other words, those officials targeted those animals that would not be slaughtered before the targeted disease could incubate to infectious levels. The programs involved the vaccination of animals retained for breeding purposes, eartagging the animals with official metal eartags, tattooing the animals, and surveillance for the disease at certain marketing points and at slaughterhouses.

Under the preexisting brucellosis program, if a positive brucellosis case were detected by surveillance, the animal's metal eartag and tattoo provided immediate traceback to the state of origin and to the local veterinarian that vaccinated the animal, and in some incidences the production unit, as determined by the state, where the animal was vaccinated. In the event of a lost eartag or unreadable tattoo on an animal found positive through surveillance, government officials could access information about specific animals through various other sources including:

> 1. Hot-iron or freeze brands, tattoos, and/or ear notches registered under any one of the 15 or more states that maintain state brand programs,[38] several of which recognize brands as an official identification for disease control purposes.[39]
>
> 2. Animal identification systems consisting of eartags and tattoos used by breed associations that maintain registries of such animals.

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[35] See 72 *Federal Register*, 39301-39307.
[36] 69 Federal Register, at 64646, cols. 2, 3.
[37] 72 *Federal Register*, at 39306, cols. 1, 3; 39307, col. 1.
[38] See *A Business Plan to Advance Animal Disease Traceability*, USDA-APHIS, Version 1.0, September 2008, at 37 (APHIS states there are 15 states with brand inspection programs with either full or partial state participation).
[39] See *National Animal Identification System*: USDA Needs to Resolve Several Key Implementation Issues to Achieve Rapid and Effective Disease Traceback, U.S. Government Accountability Office, GAO-07-592, July 2007, at 19.

3. Animal identification systems and records used and maintained by private individuals that may consist of eartags, tattoos, ear notches, and dewlap notches.

4. Backtags affixed and recorded at auction yards and other locations.

5. Health certificates used in interstate commerce that either describe or identify the animal(s) transported.

6. Sales receipts and other documents used in commerce.

Local veterinarians and state and tribal animal health officials are the first lines of defense for any disease outbreak and they have used any one or more of these preexisting animal identification systems and devices to successfully conduct animal disease tracebacks in cooperation with APHIS.

C. APHIS Is Disingenuous in Its Attempt to Promote NAIS by Dismissing the Effectiveness of Preexisting Systems

APHIS highlights several case studies in its efforts to promote NAIS. However, the isolated cases it cites are the result of APHIS' dilatory actions to prevent the introduction of foreign animal diseases into the United States and its failure to contain diseases in wildlife. First, APHIS cites the detection of BSE in an imported Canadian cow on Dec. 23, 2003, which resulted in the widespread closure of U.S. beef export markets that have yet to be fully restored.[40] Disturbingly, this imported cow was identified with an official Canadian eartag, and USDA refused to disclose this fact until after U.S. export markets were closed around the world.[41] This is significant because history shows that world markets react very differently when a BSE case is detected only in imported cattle. This different reaction was evidenced when Canada detected its first case of BSE in 1993, in an animal imported from Europe.[42] At that time, APHIS took steps to track, monitor, and test cattle that had also been imported into the U.S. from Europe during the '80s, as well as animals imported from Japan after Japan detected its first case of BSE.[43] However, and despite, the fact that Europe had already instituted a feed ban that prohibited meat-and-bone meal in ruminant feed in 1988 and subsequently upgraded its feed ban in 1990 to prevent the spread of BSE,[44] and despite the fact APHIS knew that Canada likely had rendered dozens of cattle that it had imported from Europe,[45] APHIS took no action: 1) to require Canada to immediately implement a feed ban as a precondition to importing live cattle into the U.S.; 2) to restrict, track, or monitor live cattle imports from Canada; and, 3) took no immediate action to encourage the U.S. Food and Drug Administration (FDA) to implement a feed ban in the U.S. that would mitigate the higher-risk imports from Canada. In fact, the U.S. did not implement a feed ban until late 1997. Thus, the 2003 introduction of BSE into the United States was the result of APHIS' failure to restrict imports from Canada even after Canada was known to harbor a significant risk for BSE. APHIS' NAIS would not, and will not, prevent the introduction of diseases from countries that harbor significant health risks such as BSE, brucellosis, bovine TB, or FMD. The only means of preventing the introduction of such diseases is by restricting imports from countries known to harbor such diseases.

APHIS' second and third case studies involve the 2005 and 2006 detections of BSE in a 12-year-old cow (born in 1993) in Texas and a 10-year-old cow (born in 1995) in Alabama, respectively.[46] NAIS would neither have prevented these cases,

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[40] See A Business Plan to Advance Animal Disease Traceability, USDA-APHIS, Version 1.0, September 2008, at 77.

[41] See BSE (Bovine Spongiform Encephalopathy, or Mad Cow Disease), Department of Health and Human Services, Centers for Disease Control and Prevention, Web site at *http://www.cdc.gov/ncidod/dvrd/bse/* ("Trace-back based on an ear-tag identification number and subsequent genetic testing confirmed that the BSE-infected cow was imported into the United States from Canada in August 2001.").

[42] See 72 *Federal Register*, at 53320, col. 1.

[43] See Animal Disease Risk Assessment, Prevention, and Control Act of 2001 (PL 107-9), Final Report, P.L. 107-9 Federal Inter-Agency Working Group, January 2003, at 49.

[44] See *Evaluation of the Potential for Bovine Spongiform Encephalopathy in the United States*, Joshua T. Cohen, et al., Harvard Center for Risk Analysis, Harvard School of Public Health, at 38.

[45] See U.S. Department of Agriculture's Summary of the Epidemiological Findings of North American Bovine Spongiform Encephalopathy Positive Cattle, USDA, April 2005, at 17 ("Of those [imported European cattle] that were not found alive [in Canada], it was determined that 68 had potentially gone into the rendering stream after being slaughtered (59) or dying on farm (nine).").

[46] See *A Business Plan to Advance Animal Disease Traceability*, USDA-APHIS, Version 1.0, September 2008, at 77.

nor would it have provided any more meaningful traceback information than could have been obtained if the animals were subject to the brucellosis-type identification program. Scientists have determined that neither of these cases was of the "typical BSE strain" found in Canada and the United Kingdom.[47] Instead, the U.S. cases are of the "atypical BSE strain," which is not definitively known to be transmitted through feed and may represent sporadic disease.[48] Both of these cases were born before 1997, the date the U.S. finally implemented a feed ban to arrest the potential spread of BSE.[49] Even assuming that these cases were caused by the consumption of contaminated feed, and given the long incubation period for BSE, the best solutions to protect human health and livestock health is to prevent this non-indigenous disease from being introduced into the U.S. by prohibiting imports from countries known to have infected cattle, enforcing the U.S. feed ban to prevent any potential spread, increasing surveillance, and continuing the removal of high-risk tissues from human food. After testing approximately three quarters of a million cattle from 2004 through 2006, and 40,000 cattle per year thereafter, the U.S. has found no evidence of any spread of BSE in the U.S. cattle herd following the 1997 feed ban.[50]

APHIS also cites TB case studies during the years 2004-2007 in support of NAIS.[51] However, and as discussed previously, APHIS knows that it is continually reintroducing bovine TB via imported Mexican cattle, which are believed to be spreading bovine TB during the months those cattle spend in the U.S. prior to slaughter, and yet, the agency has failed to take any meaningful steps to halt this unacceptable disease reintroduction. Moreover, APHIS' NAIS fails to address how NAIS would better control bovine TB when it is not only continually reintroduced in Mexican cattle, but also, tuberculosis is endemic in U.S. wildlife populations. APHIS, for example, reports that in the state of Michigan, "[c]ontrolling bovine TB in the deer populations is of great importance in the program to eradicate bovine TB in the cattle population. The primary method of disease control involves testing and slaughtering of infected deer."[52] APHIS is disingenuous in its attempts to promote NAIS as being able to control diseases such as bovine TB by achieving the capacity to identify cattle populations "identified to premises of origin within 48 hours,"[53] particularly when primary sources of the disease are foreign countries and wildlife.

APHIS further cites the brucellosis case detected in Montana in 2007, without even mentioning in its case study the fact that the likely source of the disease was wildlife in the Greater Yellowstone Area. Elsewhere, APHIS states that "[t]he presence of brucellosis in the wild, free-ranging bison and elk herds in the Greater Yellowstone Area presents a continual challenge for Brucellosis program eradication efforts in the United States."[54] The source of brucellosis detected in both Montana and Wyoming in 2008, according to APHIS, was infected free-ranging elk.[55] APHIS' resources would be better spent focusing on the known sources of diseases to pre-

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[47] See BSE (Bovine Spongiform Encephalopathy, or Mad Cow Disease), Department of Health and Human Services, Centers for Disease Control and Prevention, Web site at *http://www.cdc.gov/ncidod/dvrd/bse/*.

[48] See BSE (Bovine Spongiform Encephalopathy, or Mad Cow Disease), Department of Health and Human Services, Centers for Disease Control and Prevention, Web site at *http://www.cdc.gov/ncidod/dvrd/bse/*.

[49] See *Mad Cow Disease: Improvement in the Animal Feed Ban and Other Regulatory Areas Would Strengthen U.S. Prevention Efforts*, U.S. Government Accountability Office (formally Government Accounting Office), GAO-02-183, January 2002, at 9.

[50] See Bovine Spongiform Encephalopathy (BSE) Enhanced Surveillance Program, U.S. Animal Health and Productivity Surveillance History, USDA-APHIS Veterinary Services, available at *http://nsu.aphis.usda.gov/inventory/activity.faces?INVENTORY__NUMBER=44*; see also Bovine Spongiform Encephalopathy (BSE) Ongoing Surveillance Program, U.S. Animal Health and Productivity Surveillance History, USDA-APHIS Veterinary Services, available at 77, 79.

[51] See A Business Plan to Advance Animal Disease Traceability, USDA-APHIS, Version 1.0, September 2008, at 77, 79.

[52] Michigan Bovine Tuberculosis Eradication Project, U.S. Animal Health and Productivity Surveillance History, USDA-APHIS Veterinary Services, available at *http://nsu.aphis.usda.gov/inventory/activity.faces?INVENTORY__NUMBER=337*.

[53] A Business Plan to Advance Animal Disease Traceability, USDA-APHIS, Version 1.0, September 2008, at 59.

[54] Bovine Brucellosis Eradication Program, U.S. Animal Health and Productivity Surveillance History, USDA-APHIS Veterinary Services, available at *http://nsu.aphis.usda.gov/inventory/activity.faces?INVENTORY__NUMBER=117*.

[55] See Status Report__Fiscal Year 2008, Cooperative State-Federal Brucellosis Eradication Program, Debbi A. Donch and Arnold A. Gertonson, USDA-APHIS Veterinary Services, available at *http://www.aphis.usda.gov/animal__health/animal__diseases/brucellosis/downloads/yearly__rpt.pdf*.

vent their introduction into the U.S. cattle herd rather than to subject the entire U.S. livestock industry to the invasive scheme contemplated in the NAIS.

As evidenced by APHIS' Status of Current Eradication Programs found at Appendix 1, the agency has been highly successful at eradicating cattle diseases using existing resources. Given the lack of any scientific analysis regarding the expected change the NAIS would have on APHIS' current rate of successful disease eradication, Congress should avoid the agency's efforts to supplant its time-proven programs with an unproven system that is likely to consume more resources in its administration (i.e., in its reporting, tracking, and monitoring animal movements and managing colossal databases) than the agency now spends in preventing, controlling and eradicating disease.

VIII. The Costs Of Compliance With Nais Will Accelerate The Exodus Of U.S. Farmers And Ranchers

A. The Cattle Industry Suffers From a Long-Run Lack of Profitability that Would Worsen if Producers are Subjected to Additional Costs of Production

For decades, Congress and USDA have ignored the effects on U.S. livestock producers of the tremendous buying power exercised by oligopolistic meatpackers. As a result, anticompetitive practices abound, and the once competitive marketplace is now heavily tilted in favor of corporate agribusiness. This has created a long-run lack of profitability for independent family farmers and ranchers who are marketing into a system that persistently produces prices too low to cover their cost of production. The results are alarming, as independent farmers and ranchers in each of the major livestock sectors are exiting their respective industries at phenomenal rates.

For example: 90 percent of U.S. hog operations exited the industry since 1980, their numbers falling from 667,000 in 1980 to only 67,000 in 2005; over 40 percent of U.S. sheep operations exited the industry during this period, their numbers falling from 120,000 to only 68,000 in 2005. About 40 percent of cattle operations exited the industry during this period as well, falling from 1.6 million to 983,000 in 2005.1A[56] These data show that U.S. livestock industries are unhealthy and contracting rapidly. The NAIS will significantly accelerate the exodus of U.S. farmers and ranchers.

According to USDA's Economic Research Service (ERS), the average return to U.S. cow/calf producers in 2007 was an operating loss of $46.25 per bred cow.[57] When total production costs are included, such as hired labor and taxes and insurance, the actual loss per bred cow in 2007 was $608.08.[58]

Since 1996, the year the U.S. cattle industry began its unprecedented herd liquidation, the average return to U.S. cow/calf producers was an operating loss of $6.42 per bred cow per year.1A[59] Again, when total production costs are included, such as hired labor and taxes and insurance, the actual loss per bred cow per year from 1996 through 2007 was $493.87.1A[60]

During this period, 1996-2007, when U.S. cattle producers experienced this average actual loss of $493.87 per bred cow per year, 228,880 U.S. cattle operations exited the industry, their numbers falling from 1.2 million to 965,510, and the number of operations fell further in 2008 to 956,500.[61] Thus, during the past dozen years, U.S. cattle operations have exited the industry at a rate of over 19,000 operations per year, the equivalent of losing more cattle operations each year than are in the entire states of California, Colorado, or Idaho.[62]

Mr. Chairman and Members of the Subcommittee, this is not a natural attrition rate—this is a crisis, and until Congress takes action to correct the long-run lack

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[56] See 72 *Federal Register*, at 44681, col. 2.

[57] See Cow/Calf Production Costs and Returns Per Bred Cow, 1996-2007, Data Sets: Cow-calf, USDA Economic Research Service, available at *http://www.ers.usda.gov/data/CostsandReturns/testpick.htm.*

[58] See id.

[59] See id.

[60] See id.

[61] See Cattle, USDA National Agricultural Statistics Service, Mt An 2-1 (1-97), available at *http://usda.mannlib.cornell.edu/usda/nass/Catt//1990s/1997/Catt-01-31-1997.pdf*; See also Farms, Land in Farms, and Livestock Operations: 2008 Summary, USDA National Agricultural Statistics Service, Sp Sy 4(09), February 2009, at 14, available at *http://usda.mannlib.cornell.edu/usda/current/FarmLandIn/FarmLandIn-02-12-2009.pdf*. See Farms, Land in Farms, and Livestock Operations: 2008 Summary, USDA National Agricultural Statistics Service, Sp Sy 4(09), February 2009, at 18, available at

[62] See Farms, Land in Farms, and Livestock Operations: 2008 Summary, USDA National Agricultural Statistics Service, Sp Sy 4(09), February 2009, at 18, available at *http://usda.mannlib.cornell.edu/usda/current/FarmLandIn/FarmLandIn-02-12-2009.pdf*.at 18 (In 2007, California had 16,000 operations, Colorado had 14,700 operations, and Idaho had 10,600 operations).

of profitability in the U.S. cattle industry, we will continue hollowing out rural communities all across America.

The NAIS would significantly worsen the crisis caused by a lack of profitability because it would add additional production costs to an industry already unable to recover its cost of production from the marketplace.

B. The Projected Costs of NAIS are Significant and Untenable for An Industry Unable to Recover Its Costs of Production From the Marketplace

APHIS has not provided the public with a cost/benefit analysis for NAIS despite having aggressively promoted the program and having expended millions of taxpayer dollars to promote the program over the past several years. However, in 2003 USDA published estimates of the cost of verifying the origins of cattle during its early rulemaking for mandatory country-of-origin labeling. The estimates published by USDA included those submitted by Sparks Company Inc. and Cattle Buyers Weekly (Sparks/CBW), and E.E. Davis, both of which estimated the cost of animal identification for U.S. cattle producers.[63] Sparks/CBW estimated that the cost to cattle producers for verifying the origins of cattle using animal identification would range from $8.63 to $10.63 per head, and E.E. Davis estimated costs for cattle producers of up to $15.30 per head.[64]

More recently, Kansas State University (KSU) developed a spreadsheet "to assist livestock producers and others in the industry with estimating the costs associated with an individual animal identification system," though it asserts that not all the costs included in its spreadsheet would be required under NAIS.[65] Though it is unclear to R-CALF USA whether the costs included by KSU are understated or overstated, the spreadsheet estimates are very similar to the earlier estimates published by USDA. For example, KSU estimates the cost per head for a producer with 100 head of brood cows at $15.90 per head.[66] Importantly, the KSU spreadsheet reveals that larger cattle operations would pay significantly less per animal than would smaller operations, e.g., the estimated cost for a producer with 400 brood cows is $6.14 per head.[67] Thus, it would appear from the KSU data that the average-sized cattle operation in the United States, which consists of approximately 44 cows per herd, would be expected to incur costs that are considerably more per head than the $15.90 estimate for a herd size of 100 head.

This substantial inverse cost scaling, i.e., costs become substantially lower as operation size becomes larger, will significantly disadvantage small- to medium-sized cattle operations in the marketplace, thus encouraging the further corporatization of the U.S. cattle industry. And, as previously stated, adding additional costs on U.S. cattle producers who are already suffering from a long-run lack of profitability will accelerate the ongoing exodus of family farmers and ranchers from the U.S. cattle industry.

C. Evidence Shows that the Scope of the NAIS is Beyond Contemplation, and Similar, Though Much Smaller, Programs Attempted Elsewhere are Fraught with Problems

In a 2006 news conference, former Agriculture Secretary Mike Johanns said in regard to the NAIS:

> First thing I would say is that to describe this as a massive project is to underdescribe how big this is and how significant it is and how much is involved. I'll just take one industry, the cattle industry. At any given time you have 90 to 100 million head of cattle in the United States. There has never been a system put in place that would deal with that kind of magnitude. And we are talking about a system that literally says from the time of their birth on through the entire chain, we will trace that animal until we can ascertain where the animal finally was processed. So just a huge undertaking.[68]

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[63] See 68 *Federal Register*, at 61962, cols. 2, 3.

[64] See id., at 61964, cols. 1, 2.

[65] See RFID Cost.xls—A Spreadsheet to Estimate the Economic Cost of a Radio Frequency Identification (RFID) System, Version 7.6.06, available at *www.agmanager.info/livestock/budgets/production/beef/RFID%20costs.xls.*

[66] See id.

[67] Average herd size calculated by dividing the number of U.S. cows and heifers that have calved in 2008 (41,692,000) by the number of U.S. operations with cattle and calves in 2008 (956,500).

[68] Transcript of Tele-News Conference with Agriculture Secretary Mike Johanns And Dr. John Clifford, USDA's Chief Veterinarian Regarding the National Animal Identification System Washington, D.C.—April 6, 2006.

More recently, in 2008, former USDA Under Secretary Bruce Knight said in regard to conducting a cost/benefit analysis for NAIS:

> I want to share a couple of other efforts that we're involved in regarding animal ID. One is a benefit-cost analysis of NAIS that researchers at Kansas State University are conducting for us. To the best of our knowledge, no other country has studied this. It is a massive undertaking, but necessary to advance the U.S. ID system. We believe this study will provide empirical evidence that animal ID is worth the effort we're putting into it-and that producers put into it also.[69]

These statements demonstrate that the NAIS is a colossal program, certain to have impacts that reach far beyond what anyone has presently contemplated. R-CALF USA is convinced NAIS will be a colossal failure—necessitating a whole new bureaucracy just for its administration and resulting in a new era of unwarranted government intrusion on the personal lives and private property of U.S. livestock producers.

The former president of the Australia Beef Association and a fifth-generation cattleman from Australia, John Carter, whose family, incidentally, registered the first-ever cattle brand in Australia in 1853, produced a short but compelling video on how Australia's attempts to administer its National Livestock Identification System have been a disaster for Australian producers. I have provided a copy of Mr. Carter's video in DVD format for the Subcommittee, and you will find that he also references a report from the United Kingdom, which he says reveals significant problems with the animal identification program underway in Europe, as well.

IX. Solutions To The Legitimate Challenge Of Expanding Disease Traceback Capabilities And Improving Information Sharing Among And Between Federal, State, And Tribal Officials

A. NAIS is an Unreasonable and Unnecessary Response to the Legitimate Need for Improving U.S. Disease Prevention, Control, and Mitigation

APHIS has raised perhaps only two legitimate disease traceback concerns regarding the nation's continued ability to effectively control and eradicate diseases during the agency's entire, multi-year campaign to promote NAIS:

First, APHIS has acknowledged that as a direct result of the successful eradication of diseases under APHIS' preexisting disease programs, there are now fewer producers (and likely fewer livestock) participating in federal disease programs.[70]

Second, APHIS acknowledges difficulties in sharing information between and among Federal and state animal health officials.[71]

R-CALF USA views both these concerns as legitimate challenges to the United States' continued ability to successfully control cattle disease outbreaks and eradicate diseases. R-CALF USA believes that both of these challenges can be effectively addressed using statistical, science-based solutions that do not, as NAIS does, infringe upon the private property rights and rights and expectations of privacy of U.S. livestock producers, impose significant compliance costs on U.S. livestock producers, impose burdensome reporting requirements on U.S. producers, favor corporate agribusiness over U.S. family farmers and ranchers, result in the storage of U.S. producer information in a foreign country's database,[72] require a whole new federal bureaucracy, or subject U.S. producer and livestock information to a heightened risk of mischievous access by livestock buyers or anti-livestock groups.

B. A More Practical Solution to Prevent, Control, and Mitigate Diseases in the U.S.

R-CALF USA urges Congress and USDA to immediately cease all efforts to implement the NAIS. Instead, R-CALF USA recommends that Congress and USDA focus on targeted solutions to the legitimate livestock disease-related challenges faced by

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[69] Animal ID and International Trade, Bruce I. Knight, Undersecretary for Marketing and Regulatory Programs, Houston Livestock Show and Rodeo, Houston, TX, March 4, 2008.

[70] See Animal ID and International Trade, Bruce I. Knight, Undersecretary for Marketing and Regulatory Programs, Houston Livestock Show and Rodeo, Houston, TX, March 4, 2008, at 3 ("Further, these days fewer beef producers are participating in disease programs as eradication efforts have been successful.").

[71] See Veterinary Services Memorandum No. 575.19, USDA-APHIS, Veterinary Services, Dec. 22, 2008 ("Differences in the information systems have historically existed among the Federal and State animal health information systems . . . [and] were not compatible or capable of begin integrated across systems.").

[72] See Record Retention Authorization (RDA) No. 00292000, Wisconsin Department of Agriculture Trade and Consumer Protection (WDATCP), Division of Animal Health—Livestock Premises Registration, January 2008 (showing that Wisconsin's livestock premises database records are maintained in an electronic oracle database in Canada and current records are required by USDA to be retained for 5 years in accordance with the USAIP (U.S. Animal Identification Plan).

U.S. livestock producers, and take steps to meaningfully address legitimate food safety challenges, as evidenced by recent, and massive, recalls of meat produced in U.S. slaughtering plants.

Specifically, R-CALF USA recommends the following alternative course:

1. Prevent the importation of serious cattle diseases and pests from foreign sources:
   a. Prohibit the importation of livestock from any country that experiences outbreaks of serious zoonotic diseases, including pests, until scientific evidence demonstrates the diseases and/or pests have been eradicated or fully controlled and there is no known risk of further spread. This recommendation includes a request for an immediate ban on live cattle imports from Canada, which harbor a heightened risk for BSE.
   b. Require all imported livestock to be permanently and conspicuously branded with a mark of origin so identification can be made if a zoonotic disease or serious pest outbreak occurs in the exporting country subsequent to importation.
   c. Require all livestock imported into the United States to meet health and safety standards identical to those established for the United States, including adherence to U.S. prohibitions against certain feed ingredients, pesticide use on feedstuffs, and certain livestock pharmaceuticals.
   d. Require TB testing of all imported Mexican cattle and further require that all Mexican cattle remain quarantined in designated feedlots until slaughtered.
   e. Reverse USDA's efforts to carve out regions within disease-affected foreign countries in order to facilitate imports from the affected country before the disease of concern is fully controlled or eradicated.
   f. Increase testing of all imported meat and bone meal to prohibit contaminated feed from entering the United States.
2. Adopt the surveillance and identification components of the preexisting brucellosis program, including the metal eartag and tattoo that identifies the state-of-origin and the local veterinarian that applied the identification devices, and require breeding stock not otherwise identified through breed registries to be identified at the first point of ownership transfer.
3. State and tribal animal health officials should be solely responsible for maintaining a statewide database for all metal tags applied within their respective jurisdictions and should continue to use the mailing address and/or the production unit identifier determined appropriate by the attending veterinarian to achieve traceback to the herd of origin should a disease event occur. Under no circumstances should the Federal government maintain a national registry of U.S. livestock or require the national registration of producers' real property.
4. The Federal government should enter into agreements with state and tribal animal health officials to pay for the state's and tribal government's cost of identifying breeding stock, maintaining the state and tribal databases, and bolstering disease surveillance at livestock collection points such as livestock auction yards and slaughtering plants, including increased surveillance for BSE.
5. The Federal government should coordinate with the states and tribes to establish electronic interface standards and establish improved communication protocols so it can more effectively coordinate with the states and tribes in the event of a disease outbreak.
6. The Federal government should coordinate with the states and tribes to establish improved protocols for the retention and searchability of state and tribal health certificates, brand inspection documents, and other documents used to facilitate interstate movement of livestock.
7. Establish specific disease programs and focus increased resources toward the eradication of diseased wildlife in states where wildlife populations are known to harbor communicable diseases.

To address the challenge of increased incidences of tainted meat products, Congress and USDA should implement a requirement that meat sold at retail and at food service establishments be traceable back to the slaughterhouse that produced the meat from live animals, not just back to the processor that may have further processed tainted meat. This simple improvement would enable investigators to determine and address the actual source of meat contamination—primarily the unsanitary conditions that allow enteric-origin pathogens to contaminate otherwise healthful meat.

X. Conclusion

R-CALF USA greatly appreciates the Subcommittee's investigation of the NAIS and we trust that you will not allow USDA to carry through with this unacceptable

proposal. R-CALF USA stands ready to assist Congress and USDA in the development and implementation of a more reasonable, workable, and effective program to continue protecting U.S. livestock and consumers from diseases that affect livestock.

Sincerely,

R.M. "MAX" THORNSBERRY, D.V.M.,
R-CALF USA President of the Board,
Attachments: DVD of Cattle Identification in Australia

APPENDIX I

Status of Current Eradication Programs

Current VS disease eradication programs include cooperative State-Federal efforts directed at cattle and swine brucellosis; bovine and cervid tuberculosis; and pseudorabies in swine. The following table shows the status of States in these programs.

State	Cattle Brucellosis*	Swine Brucellosis**	Bovine TB***	Cervid TB***	Pseudorabies****	Scrapie*****
	Last Update Jan. 1, 2009	Last Update Jan. 1, 2009	Last Update Jan. 1, 2009	Last Update Jan. 1, 2009	Last Update Jan. 1, 2009	Last Update Jan. 1, 2009
AL	Free	Free	Free	MA	Stage 5	Consistent
AK	Free	Free	Free	MA	Stage 5	Consistent
AR	Free	Free	Free	MA	Stage 5	Consistent
AZ	Free	Free	Free	MA	Stage 5	Consistent
CA	Free	Free	MAA	MA	Stage 5	Consistent
CO	Free	Free	Free	MA	Stage 5	Consistent
CT	Free	Free	Free	MA	Stage 5	Consistent
DE	Free	Free	Free	MA	Stage 5	Consistent
FL	Free	Free	Free	MA	Stage 5	Consistent
GA	Free	Free	Free	MA	Stage 5	Consistent
HI	Free	Free	Free	MA	Stage 5	Consistent
IA	Free	Free	Free	MA	Stage 5	Consistent
ID	Free	Free	Free	MA	Stage 5	Consistent
IL	Free	Free	Free	MA	Stage 5	Consistent
IN	Free	Free	Free	MA	Stage 5	Consistent
KS	Free	Free	Free	MA	Stage 5	Consistent
KY	Free	Free	Free	MA	Stage 5	Consistent
LA	Free	Free	Free	MA	Stage 5	Consistent
MA	Free	Free	Free	MA	Stage 5	Consistent
MD	Free	Free	Free	MA	Stage 5	Consistent
ME	Free	Free	Free	MA	Stage 5	Consistent
MI	Free	Free	MA/MAA/Free	MA	Stage 5	Consistent
MN	Free	Free	MA/MAA	MA	Stage 5	Consistent
MO	Free	Free	Free	MA	Stage 5	Consistent
MS	Free	Free	Free	MA	Stage 5	Consistent
MT	Class A	Free	Free	MA	Stage 5	Consistent
NC	Free	Free	Free	MA	Stage 5	Consistent
ND	Free	Free	Free	MA	Stage 5	Consistent
NE	Free	Free	Free	MA	Stage 5	Consistent
NH	Free	Free	Free	MA	Stage 5	Consistent
NJ	Free	Free	Free	MA	Stage 5	Consistent
NM	Free	Free	MAA	MA	Stage 5	Consistent
NV	Free	Free	Free	MA	Stage 5	Consistent

NY	Free	Free	Free	MA	Stage 5	Consistent
OH	Free	Free	Free	MA	Stage 5	Consistent
OK	Free	Free	Free	MA	Stage 5	Consistent
OR	Free	Free	Free	MA	Stage 5	Consistent
PA	Free	Free	Free	MA	Stage 5	Consistent
RI	Free	Free	Free	MA	Stage 5	Consistent
PR	Free	Free	Free	MA	Stage 5	Consistent
SC	Free	Free	Free	MA	Stage 5	Consistent
SD	Free	Free	Free	MA	Stage 5	Consistent
TN	Free	Free	Free	MA	Stage 5	Consistent
TX	Free	Stage 2	Free	MA	Stage 5	Consistent
UT	Free	Free	Free	MA	Stage 5	Consistent
VA	Free	Free	Free	MA	Stage 5	Consistent
VI	Free	Free	Free	MA	Stage 5	Consistent
VT	Free	Free	Free	MA	Stage 5	Consistent
WA	Free	Free	Free	MA	Stage 5	Consistent
WI	Free	Free	Free	MA	Stage 5	Consistent
WV	Free	Free	Free	MA	Stage 5	Consistent
WY	Free	Free	Free	MA	Stage 5	Consistent

* Class A (less than .25 percent herd infection rate) or Class Free
** Stage 1, 2 or Free
*** Modified Accredited (MA), Accredited Free (Free) or Modified Accredited Advance (MAA)
**** Stage 1, 2, 3, 4 or Free
***** A State that APHIS has determined, conducts an active State scrapie control program consistent with Federal requirements.

Disease control and eradication measures include quarantines to stop the movement of possibly infected or exposed animals; testing and examination to detect infection; destruction of infected (sometimes exposed) animals to prevent further disease spread; treatment to eliminate parasites; vaccination in some cases; and cleaning and disinfection of contaminated premises.

APHIS animal health programs are carried out by a field force of about 250 veterinarians and 360 lay inspectors working out of area offices (usually located in State capital cities). Laboratory support for these programs is supplied by APHIS' National Veterinary Services Laboratories (NVSL) at Ames, Iowa, and Plum Island, N.Y., which are centers of excellence in the diagnostic sciences and an integral part of APHIS' animal health programs.

Under the Virus-Serum-Toxin Act of 1913, APHIS enforces regulations to assure that animal vaccines and other veterinary biologics are safe, pure, potent, and effective. Veterinary biologics are products designed to diagnose, prevent, or treat animal diseases. They are used to protect or diagnose disease in a variety of domestic animals, including farm animals, household pets, poultry, fish, and fur bearers.

In contrast to animal medicines, drugs, or chemicals--all of which are regulated by the U.S. Food and Drug Administration--veterinary biologics are derivatives of living organisms. Unlike some pharmaceutical products, most biologics leave no chemical residues in animals. Furthermore, most disease organisms do not develop resistance to the immune response produced by a veterinary biologic.

Veterinarians and other professionals in the APHIS VS Center for Veterinary Biologics regulate and license all veterinary biologics as well as the facilities where they are produced. They also inspect and monitor the production

The CHAIRMAN. Thank you very much.
Mr. Butler?

STATEMENT OF DONALD P. BUTLER, PRESIDENT, NATIONAL PORK PRODUCERS COUNCIL, CLINTON, NC

Mr. BUTLER. Good morning, Chairman Scott, Ranking Member Neugebauer, and Members of the Committee. My name is John Butler. I am President of the National Pork Producers Council. NPPC is an association of 43 state pork producer organizations and

serves as the voice in Washington for America's 67,000 pork producers.

To maintain the viability of the U.S. pork industry and all of animal agriculture, we strongly support a mandatory animal identification system across all livestock, dairy, and poultry species, with each industry developing an effective and affordable ID system for their species.

A mandatory animal ID system plays three vital roles for America's pork producers and consumers: One, it strengthens the security of the Nation's livestock industry, especially in the event of an international intentional introduction of a pathogen or toxin that could affect animal health. Two, it provides U.S. pork producers and Federal and state animal health officials with improved tools to manage swine herd health through disease surveillance, control, and eradication. Three, it enables U.S. pork producers to maintain and promote access to international markets, which are critical to the continued viability of our industry.

The advantage of a mandatory ID system is that it places in a searchable database in each state all premises holding livestock. In the event of a foreign or domestic animal disease outbreak, animal health professionals can efficiently review the premises that have been exposed, rather than trying to physically locate them by driving around in the countryside.

The goal of an ID system is trace-back of an animal to its farm of origin within 48 hours of the discovery of disease. This would allow a disease to be brought under control and eradicated more quickly, thereby saving taxpayer dollars and animals and keeping foreign markets open for our exports.

The U.S. livestock industry, dairy, and poultry increasingly are vulnerable to foreign animal diseases because of increased international trade and travel. There is also a threat of deliberate introduction of foreign animal disease by terrorist organizations.

A disease infecting just one U.S. pig could cause massive economic disorder in the U.S. pork industry and, for that matter, for the entire U.S. livestock industry. It is estimated in a 2005 study that an outbreak of foot-and-mouth disease could cost U.S. pork producers between $40 billion and $60 billion.

The U.S. pork industry has a functional mandatory swine ID system which has been in place since 1988. The system which helped eradicate pseudorabies from the commercial herd requires that all swine in interstate commerce be identified and the movement records be reported to Federal and state animal health officials.

When the U.S. Department of Agriculture announced in 2004 the creation of the NAIS system, the U.S. pork industry eagerly supported its implementation. The NAIS system establishes standards for each species of livestock, poultry, and fish to bring national uniformity to animal identification. The U.S. pork industry adapted its existing swine ID system to fit the requirements of the NAIS program.

Premises registration is the foundation of swine identification standards. Group ID is the preferred method for identifying market swine. Animals not eligible for group designation must be identified with official ID methods or devices, such as tags bearing an animal ID number or premises ID number.

The NAIS standards for swine require movement data to be captured and maintained as production records by individual owners and producers. The records must be readily available to USDA upon request, and records must be maintained for 3 years after the animal leaves the premises. The U.S. pork industry does not support reporting movement data to centralized databases unless the Federal Government is willing to help pay for such a system.

For the past 4 years, NPPC and the National Pork Board has worked with USDA to register swine premises, and we are proud to say that we now have 80 percent of all the swine premises in the U.S. registered. Additionally, U.S. pork producer delegates at the 2007 annual meeting voted to ask packers to require premises registration as a condition of sale and for breed registries to require it as a condition of registration.

The lack of coherent implementation strategy at USDA has allowed critics of the national program to distort many of the facts about its requirements, including the privacy of data collected. Such data is simply a contact or producer name, things that you would find in a telephone directory. This information already is publicly available and has been provided by producers to Government agencies through various permitting arrangements.

While the U.S. pork industry has been successful in implementing a national ID system compliant with the national program, it must be recognized that some diseases, such as foot-and-mouth disease, affect multiple species.

I am finishing up, sir.

Given the contribution of animal agriculture to the U.S. economy, the pork industry believes it is imperative that the U.S. Government establish a mandatory system. And we ask that Congress and the Obama Administration provide the resources available to make that happen.

Mr. Chairman, thank you for the opportunity to speak to you, and I will take questions at the appropriate time.

[The prepared statement of Mr. Butler follows:]

PREPARED STATEMENT OF DONALD P. BUTLER, PRESIDENT, NATIONAL PORK PRODUCERS COUNCIL, CLINTON, NC

Introduction

The National Pork Producers Council (NPPC) is an association of 43 state pork producer organizations and serves as the voice in Washington, D.C., of America's 67,000 pork producers.

The U.S. pork industry represents a significant value-added activity in the agriculture economy and the overall U.S. economy. In 2008, it marketed more than 110 million hogs, and those animals provided total gross receipts of $15 billion. Overall, an estimated $21 billion of personal income from sales of more than $97 billion and $34.5 billion of gross national product are supported by the U.S. hog industry. Iowa State University economists Dan Otto and John Lawrence estimate that the U.S. pork industry is directly responsible for the creation of nearly 35,000 full-time equivalent jobs and helps generate an additional 515,000 indirect, mostly rural, jobs.

The U.S. pork industry today provides about 20 billion pounds of safe, wholesome and nutritious meat protein to consumers worldwide.

Like many other segments of the U.S. economy, the pork industry has suffered through some tough economic times over the past 18 months. Last year, U.S. pork producers lost an average of $22 on each hog marketed, and it has been estimated that the industry, as a whole, has lost 35 percent of its equity since September 2007.

The industry's one bright spot has been exports, which have helped temper U.S. pork producers' losses. In 2008, the United States exported 2.05 million metric tons,

or 4.4 billion pounds, of pork valued at nearly $5 billion. Last year was the 17th consecutive year of record pork exports.

It is critical to the continued viability of the U.S. pork industry—and to the livestock, dairy and poultry industries—that the United States establish a mandatory system that allows animal health officials to better identify, control and eradicate diseases that could infect the country's livestock herds and affect domestic and international markets.

Pork Producers Have Been Committed To Mandatory Animal ID For 20 Years

The U.S. pork industry has had a functional, mandatory swine identification system in place since 1988. This system requires that all swine in interstate commerce be identified and that movement records be reported to Federal and state animal health officials (53 FR 40378, October 14, 1988). This rule has been codified as 9 CFR 71.19. In 2000, the rule was amended to include group/lot identification for feeder pig movements across state lines within a production system. Today, for interstate commerce, the U.S. pork industry has:

- Individual identification for all replacement breeding swine.
- Individual identification for all breeding swine at commingling and/or slaughter.
- Identification of feeder pigs.
- Identification of market pigs back to their owner from federally inspected plants.
- Feeder pig movements across state lines within a production system based on written health plans and production records.

The U. S. pork industry's commitment to mandatory identification was lead by the Pseudorabies Eradication Program, which created a system for identifying premises with infected animals and ultimately led to the successful eradication of the disease from the commercial swine herd.

NPPC passed its first resolution on animal identification in 1995. In 1998, U.S. pork producers agreed to the concept of a national premises identification system. In 1999 and 2000, U.S. pork producers agreed that improved sow and boar identification were needed, and the NPPC Board of Directors approved the concept of a national premises identification system.

When the United States Department of Agriculture (USDA) announced in 2004 the creation of the National Animal Identification System (NAIS), the U.S. pork industry eagerly supported its implementation. The NAIS established standards for each species of livestock, poultry and fish to bring national uniformity to animal identification. Seeing the value of uniformity for animal health purposes, the U.S. pork industry quickly began adapting its exiting swine identification system to fit the new requirements of the NAIS. The Pork Industry Identification Working Group completed the program standards for the NAIS for swine in April 2006. Once program standards were established, a Swine Identification Implementation Task Force, with representation from each segment of the pork industry, was set up to oversee implementation of the NAIS for swine. While USDA has not adopted these standards, U.S. pork producers are implementing them today. While the focus has been on premises registration and implementation of the program standards in the U.S., the pork industry has been proactive in communicating its efforts with Canada and Mexico to ensure comprehension and to start the process of harmonization of swine identification standards in North America.

Premises identification—knowing where U.S. pigs are raised—is the foundation of the U.S. swine identification standards. Group identification is the preferred method of identification in market swine. Animals not eligible for group designation must be identified with official identification methods or devices (tags) bearing the official Animal Identification Number (AIN) or Premises Identification Number (PIN). If a tag is required, it will comply with AIN tag requirements.

According to the program standards for the NAIS for swine, movement data will be captured and maintained as production records by the individual owners, production systems and markets. These records must be made readily available to USDA upon request and must conform to applicable regulations. Records must be maintained for 3 years after the pigs leave the premises.

All interstate movements of swine and semen must be reported either on a certificate of veterinary inspection (health certificate) for individually identified animals or an interstate movement report for group identified animals. The premises identification numbers of the shipping and receiving premises must be recorded on the certificates of veterinary inspection and the interstate movement report.

At the 2005 annual meeting of the U.S. pork industry, U.S. pork producers voted for a policy supporting a U.S. mandatory national ID system. U.S. pork producers also voted at the 2007 annual meeting to ask pork packers to require premises registration as a condition of sale and to ask breed registries to require it as a condition of registration. Through these combined actions and the success of the Swine Identification Implementation Task Force, today more than 80 percent of U.S. swine premises have been registered.

The U.S. pork industry and USDA have worked cooperatively to register swine premises. The National Pork Board entered into a cooperative agreement with USDA to assist with producer education on the benefits of animal identification. Educational materials were developed, and staff was contracted to work one-on-one with producers at state meetings, farm shows, fairs and with state identification coordinators to promote premises registration. The effort was so successful that the agreement was renewed for fiscal 2009. With funds provided through these agreements, the swine industry has been able to achieve the highest percentage of premises registered in the livestock, dairy and poultry industries.

Mandatory Animal ID Is Needed To Protect U.S. Livestock Herds

The best way to protect the health of U.S. animal agriculture is through a mandatory animal identification system across all livestock, dairy and poultry species where each industry develops an effective and affordable ID system for their respective species. Having such a mandatory system in place would enhance U.S. animal health officials' ability to trace diseased or exposed animals to their farm of origin and identify other potentially exposed premises within 48 hours after the discovery of a disease. The U.S. pork industry strongly supports a mandatory animal identification system as a way to maintain the health of U.S. livestock, dairy and poultry.

The real advantage of a mandatory animal ID system is that it places in a searchable database in each state all premises holding livestock. In the event of an animal disease outbreak, be it a foreign animal disease or a domestic animal disease, animal health professionals can efficiently review the premises that have been exposed to a disease rather than trying to physically—by driving—locate them. This will allow an animal disease to be brought under control and eradicated more quickly, thereby saving taxpayer dollars and animals.

Animal ID Is The Cornerstone Of All Animal Health Programs

As USDA has developed animal disease eradication programs over the years, premises registration and animal identification have been the cornerstone of the programs. By simply knowing where livestock are raised, U.S. animal health officials are better able to respond and eradicate diseases. When the U.S. pork industry was eradicating Pseudorabies from the domestic herds, for example, regulatory animal health officials maintained the names and addresses of pork producers. They did this so they could respond quickly when a positive Pseudorabies test came back from the laboratory.

Breeding animals were identified with backtags at market for this same reason. Samples were taken from these animals and tested for Pseudorabies. If an animal tested positive, the regulatory animal health officials went back to the owner of the animal. The U.S. pork industry and USDA have worked together over the years to eradicate diseases, such as Pseudorabies and Classical Swine Fever, from the U.S. swine herd.

Animal ID Is Needed For Foreign Animal Disease Response

The U.S. livestock, dairy and poultry industries are increasingly vulnerable to foreign animal disease because of potential spread through increased international travel and trade. Even more frightening is the threat of deliberate introduction of an animal disease by terrorists.

Less than 75 miles from the U.S. shores, for example, lurks a disease that could cost the U.S. pork industry billions of dollars. Classical Swine Fever is widespread throughout the Caribbean islands and is only a boat ride away from the U.S. mainland. And there is any number of foreign animal diseases ready to infect just one U.S. pig and cause massive economic disorder in the U.S. pork industry and in the entire U.S. livestock industry. It was estimated in 2005 that a food and mouth disease (FMD) outbreak would cost the U.S. pork industry, alone, between $40 billion and $60 billion, an estimate that would be even higher today.

Based on figures from 2008, when the U.S. pork industry exported nearly $5 billion of pork, producers would lose $48 per head if just export markets were closed because of an animal disease outbreak in the United States. (Further loses undoubtedly would be incurred because domestic consumers would not purchase pork, either.)

The U.S. pork industry urges USDA to implement a mandatory animal ID system to address the growing dangers to the U.S. livestock industry.

Problems Implementing A Mandatory Animal ID System

The U.S. pork industry applauds USDA for its efforts to set up a national animal ID system. But the agency has struggled since 2004 to implement a viable NAIS that serves the needs of all animal agriculture.

The lack of a coherent implementation strategy by USDA has allowed critics of the NAIS to distort many of the facts about its requirements. Some opponents have used the "red herring" of the government's ability, or lack thereof, to maintain the privacy of data collected. But the data required to register a premises is simply a contact or producer name, a street address, telephone number and the types of livestock and/or poultry maintained on the premises. This information already is publicly available in telephone books and county records or already has been provided by producers to government agencies through various permitting processes. No information that isn't currently available from public sources, such as state-issued environmental permits, is being collected for premises registration.

Critics of the NAIS have raised other concerns that give the impression that the animal agriculture industry has something to hide or has information that it is unwilling to have included in the NAIS. The U.S. pork industry believes in full disclosure and does not share that point of view.

Another issue that provoked serious opposition to the NAIS was an "ill-defined" USDA proposal to require all animal movements to be reported to a central database. The enormous workload and expense to build and maintain that caused many in the U.S. livestock, dairy and poultry industries to question the benefits of such a broad requirement. USDA scaled back the reporting to only birth and final disposition of animals. But serious damage was done to the initial support for NAIS.

Further implementation of the NAIS now is hampered by a lack of funding. Continued shortfalls are devastating the program and causing it to limp along. Large sums of money previously have been appropriated for NAIS, with much of it spent on research and demonstration projects to evaluate the feasibility of portions of the system and to test new technologies. By not fully appropriating dollars to fund the NAIS, Congress has sent the message that it is not happy with the way USDA was using the money. But this sends the wrong message to our trading partners and the U.S livestock, dairy and poultry industries. Congress must fully support a mandatory national animal ID system with dollars needed to achieve the goal of a 48-hour trace-back in the event of an animal disease. Resurrecting the ID system at a later time would be nearly impossible. It is not hyperbole to suggest that progress on implementing the NAIS will come to a standstill due to the funding shortfall.

Summary

While the U.S. pork industry has been successful in implementing a national swine ID system compliant with the NAIS, it must be recognized that some diseases, such as FMD, affect multiple species. Even if the U.S. pork industry registers 100 percent of the country's pork premises, it would remain vulnerable to the unregistered premises down the road that may have other susceptible animals that become exposed to an animal disease. That is why the U.S. pork industry strongly supports a mandatory national animal identification system. Until the animal identification is made mandatory and all premises are registered, it will never have the intended effects of providing surveillance and, indeed, improving the animal health infrastructure, aiding in the control and eradication of highly contagious foreign and domestic animal diseases and, ultimately, protecting the U.S. livestock industry, its producers, processors and hundreds of related businesses and more than a half million mostly rural jobs for Americans.

Given the contribution animal agriculture makes to the U.S. economy, the U.S. pork industry believes that it is imperative that the United States adopt a mandatory national animal identification system for all relevant livestock species. It urges Congress and the Obama Administration to lend its support for a national mandatory animal identification system and to provide adequate funding for its implementation and maintenance.

In summary, the U.S. pork industry supports an identification system that is species specific and accommodates the production practices of each species, that allows animals to be identified and moved by groups or lots and that requires individual identification only for animals moved outside a closed production system. It also believes the identification system should be required by federal regulation and include a central database created and operated with federal funding. The U.S. pork industry does not support reporting of every animal movement.

The CHAIRMAN. Thank you, Dr. Butler.

Dr. Jordan?

STATEMENT OF KAREN JORDAN, D.V.M., OWNER/OPERATOR, BRUSH CREEK SWISS FARMS; CHAIRPERSON, ANIMAL HEALTH & WELFARE COMMITTEE, NATIONAL MILK PRODUCERS FEDERATION, SILER CITY, NC

Dr. JORDAN. Thank you for inviting the National Milk Producers Federation to testify before you today.

My name is Karen Jordan. My husband and I also own and operate Brush Creek Swiss Farms of Siler City, North Carolina, where we milk 75 registered Brown Swiss and have about 70 replacement heifers. I am also a practicing dairy cattle veterinarian. I also serve as Chair of the National Milk Producers' Animal Health and Welfare Committee and also serve as Chair of the Cattle Committee of National Institute for Animal Agriculture.

My testimony today focuses on the need for mandatory animal ID for the livestock industries. And I will also review the efforts the dairy industry has taken to move comprehensive animal ID to a reality.

Animal ID is most important in maintaining animal health in every dairy herd. While identifying animals and premises cannot prevent disease any more than licensing an automobile can prevent accidents or theft, identification is essential to speeding a timely response and minimizing the spread of potentially devastating consequences. It would be difficult to track and control the spread of a contagious disease without realtime knowledge about where animals are located and where they have been.

First, I want to provide you with a quick overview of the dairy industry to place in perspective our need for mandatory animal ID. In 2008, the 57,000 commercially licensed dairy farms produced nearly 190 billion pounds of milk from 9.3 million dairy cows, generating nearly $38 billion in dairy-related income. Additionally, our dairy producers alone have more than $110 billion invested in our land, machinery, our dairy cows, and our equipment. Mandatory animal ID is a collective insurance policy for the dairy industry to protect our markets and our assets.

Our dairy industry has taken a strong proactive stance in advocating for mandatory animal ID. National Milk Producer Federation has a standing policy that supports three major areas: The first is the establishment of a mandatory national animal ID system at the earliest possible date for reporting livestock movements. The second is the adoption of ISO-compliant RFID ear tags for cattle. The third is having one centrally managed national database which facilitates ready access to essential tracking data by all state and federal animal health authorities on a realtime basis while safeguarding producer confidentiality.

In 2005, a coalition of six dairy organizations that serve our many thousands of dairy farmers—those organizations being the American Jersey Cattle Association, Holstein Association, National Association for Animal Breeders, National Dairy Herd Improvement, National Milk Producers, and the Dairy Calf and Heifer Growers Association—these six formed a group called IDairy because we collectively believe that our industry will be best served

when all dairy operations and ultimately all dairy cows are identified in a national central database.

IDairy believes that a national animal ID system can both protect farmers' privacy and also allow for immediate access of relevant information in the event of a food safety crisis that could endanger the entire dairy chain. IDairy has adopted RFID tag technology standards to allow tracking of animals at the speed of commerce.

Additionally, IDairy has selected the National Fair Database as the preferred private database for dairy animals to keep the confidentiality of data, with Government access only occurring in the event of an animal disease outbreak where tracking information is required.

In 2007, National Milk and USDA, on behalf of IDairy, entered into a cooperative agreement to promote premise registration within the dairy industry as part of the national animal ID system. By working collectively with USDA, the states, and industry, IDairy estimates that nearly 75 percent of our dairy producers have registered their premises. However, until an animal ID becomes mandatory, obtaining that last 25 percent is going to be difficult.

Animal ID is extremely important in reducing the effects of a foreign animal disease outbreak in the U.S. For example, in 1999, a University of California at Davis study estimated that a foot-and-mouth disease outbreak limited to solely to just the dairy region of California would result in the destruction of 20 to 100 percent of that region's dairy herds. The resulting losses in milk production, plus the containment and depopulation costs, are conservatively estimated between $325 million to almost $2 billion, adjusted for 2007 prices.

Finally, even a quickly contained foot-and-mouth disease outbreak could wipe out our export sales. And last year our exports were worth $4 billion.

As you can see, our Nation's dairy farmers have been very proactive in support of animal ID because of the importance of animal ID as a collective insurance policy for the dairy industry. We respectfully request that mandatory animal ID become a priority for USDA.

If this is to truly be a new era of responsibility, we need to be mindful that preparing for a quick and effective response to emergencies lies at the heart of a responsible animal health system.

And I thank you today for providing me with the opportunity to testify on behalf of National Milk Producers.

[The prepared statement of Dr. Jordan follows:]

PREPARED STATEMENT OF KAREN JORDAN, D.V.M., OWNER/OPERATOR, BRUSH CREEK SWISS FARMS; CHAIRPERSON, ANIMAL HEALTH & WELFARE COMMITTEE, NATIONAL MILK PRODUCERS FEDERATION, SILER CITY, NC

Thank you for inviting the National Milk Producers Federation (NMPF) to testify before you today. My name is Karen Jordan. My husband and I also own and operate Brush Creek Swiss Farms with 75 registered Brown Swiss cows and 70 replacement heifers. I am also a practicing veterinarian in Siler City, North Carolina where I own a large animal veterinary service. I currently serve as the chairperson for the NMPF Animal Health & Welfare Committee, and previously I served as vice chair from 1993 to 2006. For the past 5 years I have also served as the chair of the Cattle Health Committee for the National Institute for Animal Agriculture.

My testimony today focuses on the need for mandatory animal identification for the livestock industries, and I will also review the efforts the dairy industry has taken to move comprehensive animal identification to a reality. Animal ID is paramount in maintaining animal health in every dairy herd. While identifying animals and premises cannot prevent disease, any more than licensing automobiles can prevent accidents or theft, identification is essential to speeding a timely response, and minimizing the spread of potentially devastating consequences. It will be difficult to track and control the spread of a contagious disease without real-time knowledge about where animals are located and where they have been.

First, I want to provide you with a quick overview of the dairy industry to place in perspective our need for mandatory animal ID. In 2008, the 57,127 commercially licensed dairy farms produced nearly 190 billion pounds of milk from 9.33 million dairy cows, generating nearly $38 billion in dairy-related income. Additionally, dairy producers alone have more than $110 billion dollars invested in their farms, including dairy cows, herd replacements, buildings, machinery, and land. Mandatory animal ID is a collective insurance policy for the dairy industry to protect our markets and our assets.

The dairy industry has taken a strong proactive stance in advocating for mandatory animal ID. NMPF standing policy supports:

- "the establishment of a mandatory national animal identification system (NAIS) at the earliest possible date for reporting livestock movements in the U.S.;
- adoption of International Organization for Standardization (ISO)-compliant radio frequency identification device ear tags for the cattle industry; and
- one centrally-managed national database, which facilitates ready access to essential tracking data by all state and federal animal health authorities on a real-time basis, while safeguarding producer confidentiality."

In 2005, a coalition of six dairy organizations that serve many thousands of dairy farmers—the American Jersey Cattle Association, Holstein Association USA, Inc., National Association for Animal Breeders, National Dairy Herd Improvement Association, National Milk Producers Federation and Dairy Calf and Heifer Association—formed a group called IDairy because we collectively believe that our industry will be best served when all dairy operations, and ultimately, all dairy cows, are identified in a national central database. IDairy believes that a national animal identification system can both protect farmers' privacy, and also allow for immediate access of relevant information in the event of a food safety crisis that could endanger the entire dairy chain.

IDairy has worked vigorously to implement animal identification in the dairy industry. IDairy has adopted RFID tag technology standards to allow tracking of animals at the speed of commerce. Additionally, IDairy has selected the National FAIR database as the preferred private database for dairy animals to keep the confidentiality of data with government access only occurring in the event of an animal disease outbreak where tracking information is required. National FAIR has been administered by Holstein Association USA, Inc. for a decade and is used by the State of Michigan for their animal tracking database.

In 2007, NMPF (on behalf of IDairy) and USDA entered into a cooperative agreement to promote premises registration within the dairy industry as part of the National Animal Identification System. By working collectively with USDA, states, and industry, IDairy estimates that nearly 75 percent of dairy producers have registered their premises as part of the National Animal Identification System. Many states, including Michigan, Wisconsin, Idaho, New York, Pennsylvania, Indiana, Utah, Nevada, and South Carolina, have more than 90 percent of their dairy producers participating in premises registration. However, until animal ID becomes mandatory, obtaining the last 25 percent participation will be difficult.

Animal identification is extremely important in reducing the effects of a foreign disease outbreak in the U.S. cattle population. For example, the cost to the dairy industry of an outbreak of Foot and Mouth Disease in the U.S., based on recent epidemiological studies, would likely be quite serious. A 1999 University of California at Davis study estimated that a foot-and-mouth disease outbreak limited solely to California's South Valley would result in the destruction of 20% to 100% of the region's dairy herds. Resulting losses of milk production plus the containment and depopulation costs are conservatively estimated at $325 million to $1.75 billion, adjusted for 2007 prices.

A 2007 study published in the Journal of the American Veterinary Medical Association demonstrated that an outbreak spread through a sale barn or state fair could be multiplied by 10- or 20-fold, as would the dairy industry's cost, to as much as $30 billion or more. Finally, even a quickly contained foot-and-mouth disease out-

break could close overseas markets to U.S. dairy export sales. These were worth nearly $4 billion in 2008, and the loss of these sales would have an additional, disastrous impact on U.S. milk prices.

As you can see U.S. dairy farmers have been very proactive in support of mandatory animal ID. Because of the importance of animal ID as a collective insurance policy for the dairy industry, we respectfully request that mandatory animal ID become a priority for USDA. If this is to truly be a New Era of Responsibility, we need to be mindful that preparing for a quick and effective response to emergencies lies at the heart of responsible animal health system.

Thank you for providing me with the opportunity to testify on behalf of the National Milk Producers Federation.

The CHAIRMAN. Thank you, Dr. Jordan.

Dr. DeHaven?

STATEMENT OF RON DEHAVEN, D.V.M., M.B.A., CHIEF EXECUTIVE OFFICER, AMERICAN VETERINARY MEDICAL ASSOCIATION, SCHAUMBURG, IL

Dr. DEHAVEN. Thank you, Mr. Chairman and Members of the Subcommittee. I am Dr. Ron DeHaven, Chief Executive Officer of the American Veterinary Medical Association. I truly appreciate the opportunity to testify before you today on the National Animal Identification System and the important role it plays to protect our Nation's food supply and food animal populations.

From farm to fork, veterinarians protect the health and welfare of our Nation's animals. We are on the front lines when it comes to surveillance and response to foreign animal diseases that could severely impact public health, animal health, our food supply, and our trade.

The AVMA believes that a system to identify animal locations and track their movement is essential to quickly minimizing the impact of a potentially catastrophic animal disease. The U.S. simply cannot afford to wait for an animal health crisis to make this system mandatory and animal identification a reality.

The National Animal Identification System could dramatically reduce the time required to control animal disease outbreaks. A potential response time of 48 hours would be a vast improvement over the current outdated system, which often relies on an outdated paper trail system. For example, it took an average of 199 days to trace TB-infected animals back to their farm of origin during the time period of October of 2005 to August of 2007.

For a highly contagious disease, such as foot-and-mouth disease, a rapid response, possible with the NAIS, could save millions of animal lives and billions of dollars. For a cow with BSE, or mad cow disease, the NAIS would allow authorities to rapidly identify and locate her offspring and other cows that would have been exposed to the same feed and then potentially keep them out of our food system.

Animal identification systems are becoming prerequisites to international trade, and numerous studies describe how the U.S. lags behind other major livestock-producing countries in our animal tracing capability. The BSE events in the U.S. since 2003 have demonstrated the importance of animal traceability to maintain and re-establish export markets.

But beyond financial repercussions, disease outbreaks have the potential to decimate livestock populations and cause untold animal suffering. The NAIS would allow animal health officials to re-

spond far more quickly and effectively to locate, quarantine, and eliminate the disease and thereby dramatically reduce the animals that might suffer as a result of an outbreak.

Some producers have expressed concerns about invasion of their privacy and personal property rights from a national animal ID system. But in reality, premises registration information can be found in a phonebook and many other publicly available information sources.

The unique animal identification requirements of NAIS are very similar to other forms of identification that are currently being used by almost all livestock producers for herd records, as well as for disease programs, such as tuberculosis and TB. And while the cost to implement a national electronic animal ID system will be high, let's not forget that this cost pales in comparison to the cost of a major disease outbreak.

The AVMA has worked closely with APHIS to help implement and publicize NAIS to our AVMA members. We have urged all large-animal veterinarians to register their hospitals and their own premises, as well as to encourage their clients to register their premises. But despite the combined efforts of many for the past several years, only about a third of the Nation's farms, ranches, and food animal facilities are registered. The AVMA believes that the NAIS would not live up to its expectations and potential benefit unless the majority of all food animal facilities are registered.

We simply cannot afford to wait for the next disease outbreak to create and fully implement a National Animal Identification System. As a body that represents highly trained professionals who work on the front lines protecting public and animal health as well as our Nation's food supply, the AVMA strongly believes that participation in the NAIS should be mandatory. Only with full producer participation will we be able to quickly contain and eradicate diseases and, as a result, minimize the impact on public health, on animal suffering, interruption of our food supply, and the financial health of our livestock and related industries.

Mr. Chairman, thank you, and thank you, Members of the Subcommittee, for giving the American Veterinary Medical Association the opportunity to speak in support of the National Animal Identification System. America's veterinarians look forward to continue to working with you for the full implementation of this important system.

[The prepared statement of Dr. DeHaven follows:]

PREPARED STATEMENT OF DR. RON DEHAVEN, D.M.V., M.B.A., CHIEF EXECUTIVE OFFICER, AMERICAN VETERINARY MEDICAL ASSOCIATION, SCHAUMBURG, IL

Thank you, Mr. Chairman, and Members of the Subcommittee. I am Dr. Ron DeHaven, chief executive officer of the American Veterinary Medical Association (AVMA), which represents more than 78,000 veterinarians across the United States.

I appreciate the opportunity to testify before you today on the National Animal Identification System (NAIS) and its important role in helping protect our nation's food supply and contain disease outbreaks in the food animal population. I would also like to acknowledge the United States Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) for working so diligently to advance the NAIS, which the AVMA considers crucial to controlling potentially disastrous livestock disease outbreaks. The AVMA strongly believes that a mandatory system that allows us to identify animal locations and track their movements is key to quickly

minimizing the impact of a potentially catastrophic animal disease on America's public health, animal health and food supply.

The AVMA strongly supports the implementation of the NAIS, and I would like to emphasize several important points:

- The AVMA believes the U.S. cannot afford to wait for a devastating animal disease outbreak to make the NAIS a reality—the NAIS needs to be a mandatory program to ensure timely implementation.
- The information needed for identifying livestock production premises to make the NAIS fully functional is not much more than what is already in publicly accessible sources, such as phone books, and individual animals' identification systems are used daily by livestock producers for other purposes. In short, the privacy concerns raised by the opponents of NAIS are unwarranted.
- Compared to the costs associated with a widespread outbreak of a potentially devastating disease that is not contained due to lack of an identification system, the cost of implementing the NAIS is minimal.
- An effective NAIS would help the U.S. livestock industry and state and federal government agencies track and more quickly contain/eradicate a disease outbreak, minimizing the number of animals affected and thereby reduce the amount of animal pain, suffering and destruction.
- International standards that directly affect animal trade are moving toward the direction of traceability "from farm to fork"—if the United States is to remain competitive or grow export markets, an effective NAIS will be required.
- An effective NAIS will significantly enhance the ability to rapidly track, control and eradicate endemic livestock diseases, thereby increasing overall productivity for livestock owners and associated industries.

Livestock production in the United States is an asset that feeds not only our country, but a great deal of the world, every day. It is an asset that must be protected from accidental or malicious outbreaks of potentially catastrophic animal diseases. The NAIS is a critical tool to protect animal health.

Veterinarians' Roles in Protecting Public Health and America's Food Supply

The AVMA's membership reflects more than 84 percent of America's veterinarians. Among other things, our members protect the health and welfare of our nation's animals; protect animal and human health through prevention and control of zoonotic diseases; and help protect our nation's food supply—from farm to fork. Our members protect the health of the animals on farms through preventive care and by examining, diagnosing and treating them when they are ill. Veterinarians also provide farmers and producers with guidance on nutrition, disease prevention, management and other health-related issues. Veterinarians examine animals before slaughter and examine the carcasses during processing to ensure that diseased animals do not enter the food supply. We also inspect and certify that animals, and animal products, transported in interstate and international commerce are not infected or diseased.

But it doesn't end there. Veterinarians are on the front lines when it comes to surveillance and response to foreign animal diseases, such as foot and mouth disease, highly pathogenic avian influenza, bovine spongiform encephalopathy and many more diseases that could, and have previously, severely impacted animal health, the nation's food supply and U.S. trade. Veterinarians are experts in zoonotic diseases—animal diseases that can be spread to people. Veterinary epidemiologists develop strategies for understanding optimal responses to diseases—how they develop, how they are spread, how they can be eradicated, and how they can be prevented.

Our members are not only in private practice, research, academia and industry, they are also employed in key positions within state and federal governments. Food supply veterinarians working in government have a variety of roles, including ensuring that meat, eggs and dairy products are safe for consumption. They oversee the health of the animals that produce these items that are such an integral part of our nation's diet and economy. On both the state and federal levels, food animal veterinarians are in critical food safety and defense roles at agencies such as the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS), Food Safety Inspection Service (FSIS) and Agricultural Research Service. They also fill vital positions at the U.S. Food and Drug Administration, the Department of Homeland Security and in the U.S. Army. Every state has veterinarians in its government to help support those efforts on the state level. The veterinary profession, therefore, plays an integral role in the infrastructure and daily operations

of systems that ensure the high quality of U.S. livestock production and animal products that we all enjoy today. An effective NAIS will further enhance these efforts.

The Impact of an Effective National Animal Identification System

As many are aware, the impact of an accidental livestock disease outbreak can be devastating to animal production, food production and trade. In addition, intentionally introduced foreign animal diseases are a national security issue. NAIS would dramatically reduce the time required to control a disease outbreak and minimize the economic and public health impact such an outbreak would create. A potential response time of 48 hours is a vast improvement over the current, outdated system of tracking outbreaks of animal disease to their sources. Investigators spent an average of 199 days tracing the sources of animals infected with bovine tuberculosis between October 2005 and August 2007. Some could not be traced back to the herd of origin. For a disease such as foot and mouth disease (FMD), which spreads very quickly, a rapid response time is critical to preventing a potential national outbreak that could cost millions of animals' lives and billions of dollars. Another example: if a cow is showing any signs that it may have "mad cow disease" (BSE, or bovine spongiform encephalopathy), NAIS would allow authorities to rapidly identify and locate the offspring of that cow and other cows that may have been exposed to the same feed that was eaten by the affected cow and prevent them from entering our food system. NAIS would enable the savings of significant time, minimize trade impact and, more importantly, significantly reduce the potential for the disease spreading to other parts of the country.

Most of us are familiar with the impact of the FMD outbreak in the United Kingdom and Europe a few years ago. Because the disease is endemic in perhaps 60 percent of the world, the United States is fortunate to have last experienced an outbreak in 1929. If FMD does enter the United States, the impact of an effectively functioning NAIS that has efficient animal traceability and disease surveillance components would be dramatic. A conservative estimate of the total consumer and producer losses from an FMD outbreak in the United States [1] with the animal traceability and surveillance of a mandatory NAIS is significantly less than without it: $50.3 billion with NAIS and $266.3 billion without it; depopulation of latent infected herds would drop from 60 percent without a NAIS to 30 percent with NAIS; the loss of market share to the beef industry alone would drop from $18.25 per head sold to $9.26.

Because of delays caused by the inability to rapidly trace and perform surveillance, the small number of actual cases of bovine spongiform encephalopathy, or "mad cow" disease, that have occurred in the United States under the existing system had a real financial impact similar to what is projected by a potential FMD outbreak. Much of this came from loss of trade and decreased global competitiveness. Following the BSE events in the United States in December 2003, the vast majority of the beef export market was completely closed. Five years later, U.S. beef producers have regained only about 75 percent of the beef export market volume they had prior to the BSE event. A 2008 [2] study that reviewed animal identification systems in North America argues that animal identification systems are becoming "prerequisites to international trade."

Indeed, in many countries the demand for traceability has compelled government action. Case studies [3] of poultry, beef, pork, lamb and fish firms located in France, Holland, Germany, Norway and Scotland that employ traceability indicate that the company officials adopted traceability because they believed that consumers wanted to know the origin of their food and the processing methods used in preparing it.

A number of studies describe how the United States lags behind a number of major livestock producing countries in animal traceability. According to these studies, the pork industries in the United Kingdom, Denmark, Japan, New Zealand, Australia and the European Union (EU) all lead the U.S. pork industry in animal traceability. In addition, Australia and the EU have advanced mandatory sheep traceability systems beyond the voluntary system present in the United States. Australia, the EU, Japan, Brazil, Argentina and Canada also lead the United States in beef traceability systems. It is important to note that Meat and Livestock Aus-

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[1] Zhao, Z., T.I. Wahl, and T.L. Marsh. (2006). "Invasive Species Management: Foot-and-Mouth Disease in the U.S. Beef Industry." Agricultural and Resource Economics Review, 35: 98-115.)

[2] Murphy, R.G.L, D.L. Pendell, D.L. Morris, J.A. Scanga, K.E. Belk, and G.C. Smith. 2008. "Review: Animal Identification Systems in North America." Professional Animal Scientist 24:277-286.

[3] Buhr, B.L. (2003). "Traceability and Information Technology in the Meat Supply Chain: Implications for Firm Organization and Market Structure." Journal of Food Distribution Research 34(3):13-26.

tralia, a company that provides a variety of services to Australia's red meat industry, considers cattle identification in their country to be an insurance policy in the event of a trade disruption. Since 2004, the EU has been implementing a revised system known as TRACES (Trade Control and Expert System). This system is specifically designed to identify animals and animal products and track their movements from outside the EU and within and between all EU countries. It consolidates and simplifies existing systems and creates better tools for managing animal disease outbreaks. As David Byrne, the EU Commissioner for Health and Consumer Protection announced in 2004 [4], "The new TRACES database will facilitate tracking the 50,000 animals transported in the EU each day. This is a major innovation and will help in case of an outbreak of an animal disease like foot and mouth disease. The new database will reduce red tape for both economic operators and competent authorities."

Beyond financial repercussions, disease outbreaks have the potential to quickly infect and decimate livestock populations. Because NAIS is a modern, streamlined information system, producers and animal health officials would be able to respond quickly and effectively to animal disease outbreaks. NAIS' components allow for tracing animal movements to locate, quarantine and eliminate suspicious and confirmed diseased animals in the event of an outbreak.

To those unfamiliar with the history and epidemiological dynamics of livestock disease and the consequences of disease outbreaks, it may seem unnecessary to have an animal identification system that enables the government to effectively monitor the location of farm animals. Indeed, some producers have expressed concerns that the system will violate their privacy and personal property rights. But in reality, the information that will uniquely identify livestock premises is the same that is found in any phone book; the unique animal identification required by the NAIS is very similar to the brands, ear tags, tattoos and other forms of identification currently used by almost all livestock producers. A key difference is that premise and animal identification within NAIS will now be standardized throughout the country. A standardized system will ensure the United States can rapidly track, contain and eradicate animal diseases.

Many of the premises and disease monitoring systems used in national disease eradication and control programs in the United States have been in place for decades and are no longer sufficient to meet the traceability expectations of veterinarians, farmers, livestock industries or U.S. trading partners. Examples of these livestock disease control and eradication programs, some of which have been operational for more than 50 years, deal with: brucellosis and tuberculosis in all livestock species; spongiform encephalopathies in sheep (scrapie), cattle ("mad cow" disease) or farmed elk and deer (chronic wasting disease); pseudorabies in swine; Johne's disease in most ruminants; avian influenza in poultry; and even viral diseases in fish. These outdated premise and disease monitoring systems must be upgraded if we are to effectively deal with animal disease outbreaks.

As a body that represents highly trained veterinarians who work in the front lines of protecting public and animal health and our nation's food supply, the AVMA strongly believes that participation in the NAIS should be mandatory for all livestock premises and food animals in our country. By making the NAIS mandatory, America will not only protect a critical resource from potentially devastating diseases, but an effective NAIS will act as a safeguard for guaranteeing the availability of our animal food supply. With full producer participation in the NAIS, we will be able to quickly contain and eradicate diseases that would otherwise have profound immediate and long-term impacts on both our food supply and the U.S. agricultural industry.

AVMA Policy on and Support for NAIS

It is for these reasons—protection of public health, animal health and the food supply—that the AVMA approved an updated policy supporting NAIS in 2006.

The AVMA policy states:

"The American Veterinary Medical Association (AVMA) supports an effective National Animal Identification System (NAIS) that contains the following key elements:

1. USDA implementation of all species working group reports that were submitted to the NAIS Subcommittee of the Secretary's Advisory Committee on Foreign Animal and Poultry Diseases.

[4] Europa Press Room (2004) TRACES: Commission adopts new system to manage animal movements and prevent the spread of animal disease. European Union Press Release, Reference IP/04/487, April 15, 2004.

2. USDA development of minimum standards for a NAIS.

3. Rapid implementation of a mandatory NAIS.

4. Implementation benchmarks and timelines established in federal regulation to achieve the NAIS goals identified in the strategic plan.

5. Implementation that continues to engage all stakeholders in providing input through the NAIS Subcommittee of the Secretary's Advisory Committee on Foreign Animal and Poultry Diseases and other designated forums.

6. Database(s) that are accessible 24 hours a day and 7 days a week by animal health officials.

7. System cost does not detract from effective implementation.

8. A system that is workable for producers of all sizes.

9. Exception from freedom of information disclosure laws for data collected in support of the NAIS."

Since approving this policy, the AVMA has worked closely with APHIS on the implementation of NAIS. Last year, APHIS began offering A Veterinarian's Toolkit, a free informational toolkit developed by veterinarians for veterinarians. The toolkit will be continually updated by APHIS and includes fact sheets, conversation-starter tips and live links to provide veterinarians with the information they need to effectively participate in and advocate for NAIS.

The AVMA publicized the toolkit to our members to help veterinarians better understand the program and explain the livestock identification system. We urged all veterinarians to become involved in the NAIS program and to not only register their hospitals and their own premises, but also to encourage their clients to register their premises. As research time and again confirms, no one carries more credibility with animal owners than veterinarians.

But despite our best efforts—as well as the efforts of the USDA and its industry partners—only about one-third of the nation's food animal production facilities are registered with NAIS. Currently, only 505,000 (35 percent) of America's food animal production facilities were registered. Since it is impossible to predict which corner of our nation or sector of animal agriculture will be impacted by a disease outbreak, the AVMA believes that the system will not live up to its potential benefit unless all food animal production facilities are registered. It is for this reason that we believe voluntary NAIS registration is not effective and thus support mandatory participation in the system.

Conclusion

The NAIS is an essential tool in any livestock disease outbreak to track down all animals impacted by the outbreak and put a stop to the spread of the disease. We cannot afford to wait until the next disease outbreak to institute and implement a national animal identification program. A fully functioning NAIS will help control any potential disease outbreak, limit the spread of disease to more animals and, as a result, limit the diseases' impact on public health, animal suffering, interruption of food supply, and the financial health of livestock and related industries.

NAIS enables our nation's food supply to benefit from technological developments that will reduce what once took months to a matter of hours. The cost of participation and maintenance of this system pales in comparison to the cost of an outbreak and is essential for the benefit of animal health, food safety, food security and the nation's economy.

Thank you, Mr. Chairman and Members of the Subcommittee, for giving the American Veterinary Medical Association the opportunity to speak in support of mandatory participation in the National Animal Identification System. America's veterinarians look forward to continuing to work with you on the implementation of this system and determining the most effective ways to protect and improve public and animal health.

The CHAIRMAN. Thank you very much.

And I want to just let each of you know how much we appreciate your consideration of the time constraints. We just want to get as many questions in and answers in as we can. I am going to start off very quickly with just one.

Mr. Nutt and Mr. Thornsberry, you were very eloquent in your statements about what you do, your own voluntary system that you have in place, which you are to be commended for. But the issue is not what you are doing but what others in your industry aren't

doing. You may be doing well with yours, but your neighbor isn't. Maybe your sales barn that you use isn't, that you are a part of.

I want to ask you, how do you feel—I mean, this is a "no man is an island" situation. This industry is connected. As long as it is voluntary and you may do it but your neighbor down the road doesn't do it or where you intermingle your cows don't do it, it is going to eventually hurt you and make it difficult even for your own business to survive.

And the other point is that you both have mentioned the economic costs, you have mentioned privacy courses, you have mentioned liability and legal costs, but I have not heard you mention one time the other costs, the human costs, the loss of lives, the other factors that are so very important that are pressing very hard on the minds of those of us up here who have to represent this issue.

Could you comment on that aspect of it and the fact that, while you are doing well with it, others are not, and how that pertains to your business?

Dr. THORNSBERRY. I will answer that from the standpoint of food safety. Being a veterinarian, I deal with food safety on a daily basis, but I also owned a food plant, a meat processing plant for 5 years. So I have been on the cutting edge of APHIS's food safety technology.

And I, for the life of me, cannot come up with any idea or method or way that national ID is going to have anything to do with food safety. It would identify the animal and possibly allow a little quicker trace-back. But every animal that goes through the livestock auction I work at gets a back tag that identifies it to the owner with his name and address and phone number, where it came from before it goes to slaughter.

So I cannot come up with any concept whereby this system would improve food safety. The food safety issues we have in the livestock industry occur at the slaughter plants. Until the Hassett plan is corrected, whereby you can trace the meat back to its point of slaughter, you are not going to have food safety where it needs to be in the United States.

I was—a processing plant, they traced it back to me and closed me down, and yet E.coli 0157:H7 comes from a slaughter facility from meat that I would purchase, and yet they would not trace it back to that point.

So there is a lot of hype about food safety as it relates to animal ID, but I have been involved in it for 8 or 10 years now, and I can't come up with any relevance to it, period.

Mr. NUTT. I would agree with that general approach in there.

There are two separate issues. Both are vital. We can't lose sight of the food safety issue. It is a major concern in the beef industry because our continued marketability has to be dependent on the consumer feeling the meat is safe. So we fully support that.

But, again, it is difficult, from a producer point of view, to see the connection between an animal ID mandatory system and food safety, per se. The gentleman has very well laid out the perspective from a handling point of view, and I generally agree with him.

The CHAIRMAN. Well, Mr. Nutt, one quick question, and then I want to get to Mr. Conaway before we have to go vote.

You mention in your testimony that you can't trust the Department of Agriculture for the information required by NAIS on the information security question. That is a very, very telling statement.

But let me ask you this: Would you support a mandatory ID system that utilized private industry to collect the data rather than the Department of Agriculture?

Mr. NUTT. Yes, indeed. That is a viable option in there.

I think the real issue, though, is, what is the data that is collected? Certainly, I have no problem and I doubt if few producers would ever question providing information on an animal unique ID and the premises where that animal has been and perhaps a little bit more.

It is the uncertainty that we find. And when we look at the APHIS proposals, we see extensions that go far beyond the limits that we are talking about that make us very, very concerned about the other data that keeps being mentioned in there. If we knew more what it was, we could probably be a little bit more comfortable with it. But, absent that, the practice in the past has not led us to be particularly comfortable.

The CHAIRMAN. All right. Thank you very much.

Mr. Conaway?

Mr. CONAWAY. Thank you, Mr. Chairman.

Mr. Butler, you mentioned that your organizations have asked packers and breed registries to require premise registration. Now, what was the response of those guys, the packers and breed registries? What was their response to this request?

Mr. BUTLER. Most of the major packers in our industry have been willing to do that, sir.

Mr. CONAWAY. So they now require it in order to accept pigs from everyone? So you have 100 percent registration?

Mr. BUTLER. No, sir. I said "most." We don't have a hundred percent, but most of the major packers and processors have agreed to do that.

Mr. CONAWAY. And the breed registries?

Mr. BUTLER. I am told that the breed registries are close. I don't have a figure.

Mr. CONAWAY. Six out of eight? I am not sure how many breeds there are.

Mr. BUTLER. I don't have a number, sir.

Mr. CONAWAY. Okay. Would you mind getting that information for us? It might be helpful.

Mr. BUTLER. We can get it.

Mr. CONAWAY. Dr. Jordan, you mentioned that 25 percent of your premises aren't registered, and yet dairymen receive direct assistance, Federal assistance on milk and those kinds of things. It would seem to me that there would be a requirement there that they register.

What is it about the benefits that are touted by those who want this system that these 25 percent in your breed don't believe?

Dr. JORDAN. So you are asking what is the holdup to get that last 25?

Mr. CONAWAY. Yes, why do they not believe the benefits? Because the advocates, you walk through your positions, and you go,

"Well, yeah, gee, why wouldn't I do that?" So the folks who don't like it or who have chosen not to register, what is their pushback?

Dr. JORDAN. I think you get back to some of that producer confidentiality and just having that confidence in the whole system.

Mr. CONAWAY. Okay. What I heard you say was your mandatory system would have a national database with all movement captured. Dr. DeHaven and others who want a mandatory system, does your mandatory system include that piece also?

Dr. DEHAVEN. Congressman Conaway, certainly ultimately that would be the goal. You heard talk earlier about having the bookends and having a premises registered and having an ID that would be obtained at slaughter upon death of the animal.

Mr. CONAWAY. Okay, but what I heard you say was that the current mandatory program that you are putting forward would simply be a premise registration. But you are broader than that. I don't want you bait and switching folks with this information, saying it is going to be like a phonebook with this information in it. But your ultimate goal is a broader, nationalized database where all of this information would reside, separate and apart from states and everybody else?

Dr. DEHAVEN. We are supporting the entire system, to include the traceability aspect. If we are dealing with a highly contagious disease, such as foot-and-mouth disease, you need to know what animals were where at what point in time.

Mr. CONAWAY. What starts the 48-hour clock? What triggers the 48-hour clock? Everybody is talking about this 48-hour position. What is the trigger on that? How do we know if we are actually complying on that?

Dr. DEHAVEN. My assumption is that that would be upon the confirmed diagnosis of an exotic or foreign animal disease.

Mr. CONAWAY. Okay. So some child in Philadelphia gets sick eating a hamburger; when does the 48-hour clock start running on tracing back to the animal that caused that?

Dr. DEHAVEN. I would just clarify, Congressman, that the purpose is not for tracing residues or bacteria in processed meat products, but rather we are talking about diseases of livestock, of——

Mr. CONAWAY. So it is not safety of folks eating stuff. It is just safety or trying to determine issues within herd?

Dr. DEHAVEN. Food safety begins with the health of the animal. So this system is designed, initially at least, to be focused on live animals and tracing animals that may have a disease.

Mr. CONAWAY. Okay. On that, you mentioned a particular event, that there was 199 days it took to do this trace-back. What happened in that 199 days and whatever that would have not happened had we had the 48-hour deal and it worked?

Dr. DEHAVEN. My assumption, Congressman, is that APHIS employees would have contacted and had to contact a number of individuals who may have been involved in owning, transporting, or otherwise marketing those animals. You contact an individual, ask them if they can tell you where a particular animal came from, where they were at a certain point in time, and that individual tells you, "I will get back to you in a few days after I can look at my records."

Mr. CONAWAY. All right. So what bad happened that would not have happened had the Federal Government had direct access to all of this data?

Dr. DeHaven. It is difficult to determine. And I certainly don't have——

Mr. CONAWAY. Well, but you come up here and you say there is trillions of dollars' worth of risks to the system for one sick pig contaminating an entire population. But——

Dr. DEHAVEN. Let me clarify, Congressman. Are we talking about the TB situation, or are we talking about an outbreak of foot-and-mouth disease? Two totally different situations. In either case, with 199 days to find animals, there could be infection being spread even with tuberculosis. With foot-and-mouth disease, 199 days, we have lost the battle; that outbreak is out of control at that point.

Mr. CONAWAY. Okay. Well, you wouldn't let it go that long.

Dr. DEHAVEN. The assumption in a foot-and-mouth disease outbreak is that, instead of, as Dr. Clifford testified, tracing 199 animals and taking 199 days, with a foot-and-mouth disease outbreak we would be tracing tens of thousands of animals and wouldn't have the luxury of 199 days to find out where they are now. We would need to know very quickly before that 199 animals quickly becomes 10,000 or 20,000.

Mr. CONAWAY. All right.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

We do have votes. Here is what we are going to do: We are going to recess until 12:35. It will give us time to go—we have three votes. The first vote has been on about 5 minutes now. So 12:35 we will come back and we will begin the process again. Until then—12:45, 12:45 we will come back.

[Recess.]

The CHAIRMAN. Thank you for your patience. We are going to resume. Members will come as they can. And, again, we appreciate your understanding of our hectic schedule going forward.

Let me ask Mr. Thornsberry. The Department of Agriculture said in a briefing last week that it takes up to 199 days to track animals with TB and herdmates, which is a huge problem in many states, not just on the southern border.

How do you explain that the lack of an animal ID program will benefit the producer in that regard?

Dr. THORNSBERRY. Personally, sir, I would have to see those figures.

If the USDA can't track down a cow that has come in from Mexico with an indelible brand on it that has TB in 199 days, then we have a real problem. And I don't believe that to be the case. It may have taken 199 days for them to identify all of the cohorts and every place it had been and all the other cattle that it had been with.

I have participated in the disease trace-back system personally. And I had a cow here 4 years ago that came from Colorado, and I had all the information I needed on her in two hours with two telephone calls. So I don't know where that figure comes from. I would like to examine that data to see if that is true.

But I can't imagine that in our modern day of technology that we have that you couldn't identify a cow in the United States. Every state has a system of ID. You can't move a cow across a state line without having a health certificate with the identification number on it. You can't run an animal through any livestock auction without having a back tag on it and identification on it, back tag number.

I would have to see those numbers. But if they took 199 days to trace down one cow, then we have a real problem in this country, and animal ID is not going to help it.

The CHAIRMAN. All right.

Mr. Butler, why is it important for all livestock, as you have said, all livestock and poultry premises to be registered? Why not just have the swine premises registered and let the other groups worry about themselves?

Mr. BUTLER. Well, Mr. Chairman, I would tell you simply that there are a number of diseases that affect swine and other species. If there is an outbreak within the swine herd in a community, it would be important for people to know where the other susceptible species are so that those producers could be notified. Conversely, if there were to be an outbreak in a species on a farm and there was no system for identifying where that animal is or notifying me, as a neighbor, that my herd is in peril, that is a problem.

The CHAIRMAN. Okay.

Dr. Jordan, let me ask you this from the dairy point of view. Understanding the fact that production systems are completely different for beef and dairy and the fact that dairy cattle are handled every day, what do we do about the fact that both beef and dairy are susceptible to the same diseases?

Dr. JORDAN. Well, that is the worst thing about disease, it doesn't respect what that cow does for a living. And that is part of the reason I don't see how we can have a system that only supports one side of the cattle industry. We are going to have to have an ID that is supportive to dairy and beef.

Our diseases just don't make a distinction between our cattle. And we have to be able to rapidly trace whether it comes from—a disease that first started out in the beef industry, it is going to easily transfer over to the dairy industry and vice versa, just the way our cattle populations move.

The CHAIRMAN. And why does the dairy industry favor RFID tags? And how does the dairy industry feel about the United States Department of Agriculture's neutral technology stance on 840 tags?

Dr. JORDAN. Well, the RFID tag, to me, is an easy way. It is an easy tag, it is a small tag, inexpensive, really, in the scheme of things. I know Dr. Clifford told you, like, a price of about $3 or $3.50. Literally, the tag is about a $2 tag, $2.25. I think his figures were more that added manpower.

We are going to tag our cattle in some way, just for our daily production purposes. The main thing, the RFID tag technology, it lets us collect data at the speed of commerce. And I think, any time you are going to have to track down cattle, that speed of commerce is what becomes critical in minimizing any kind of effects of a disease outbreak.

The CHAIRMAN. Okay.

Dr. DeHaven, let me ask you, 48 hours, we have a catastrophic event from, say, hoof-and-mouth disease. How real is a potentially catastrophic disease outbreak in this day and age? And do you believe we would be adequately prepared to handle and eradicate such an outbreak with the voluntary NAIS system in place?

Dr. DEHAVEN. Mr. Chairman, we have been—and I say "we" in that I was formerly with the Animal and Plant Health Inspection Service, both in the position that Dr. Clifford is currently in as well as the administrator of that agency. So I can tell you that we have been working on trying to get this system in place for a number of years. And so I would share Dr. Clifford's disappointment that we only have about a third of the premises registered.

I think that Dr. Jordan made a really good point, in terms of being able to trace animals at the speed of commerce, because that is how animals move. There has been a lot of computer modeling done where, if there were infection introduced into a livestock market today, within 24 hours animals from that livestock market could be in 15, 17 different states. And if we can't trace those animals to their current location at the speed of commerce, then we quickly have infection established in those 15, 17, or 20 different states. They then move from there, and it exponentially increases.

So, again, the ability to contain and eradicate a disease effectively depends on how quickly you find it and how quickly you can contain it. And this animal ID system would be the link between that, once you find it, to quickly contain it.

The CHAIRMAN. We are not prepared now. We are not prepared for an outbreak now.

Dr. JORDAN. If we were to have introduction of a highly infectious disease, such as foot-and-mouth disease, and we didn't find it literally immediately, in fact we would not be prepared to contain what potentially could be a widespread outbreak.

The CHAIRMAN. Do we know—any of you may answer this—but do we know the size of the damage that could be done now?

I mean, I was a part of this Homeland Security presentation last week with the Chairman, and I was worried before the presentation, but afterwards I was even more worried, that we aren't prepared in the food supply chain and particularly in this aspect. Because airborne means animal to human, is that not correct?

Dr. DEHAVEN. Airborne means that it can go from farm to farm via transmission in the air. And a lot of diseases are thought to be spread that way.

Some of the modeling that has been done would estimate that if we were to have a foot-and-mouth disease outbreak that is quickly contained, within 72 hours or less, the cost would be at least $5 billion. And then, if we were not able to contain it immediately, then the cost goes up exponentially, and I believe that Chairman Peterson used a figure in the hundreds of billions of dollars.

Recognize that, as we would do if—or we do when a country is found to have foot-and-mouth disease and we cut off all exports or imports into the U.S. from that country, if we were to diagnose foot-and-mouth disease in this country, the same thing would happen in reverse. Virtually the rest of the world that is not affected by foot-and-mouth disease would cut off our exports until such time as we could assure them that we had contained and eradicated it.

If that took weeks, months, or years, that is when the cost can take on that magnitude of $100 billion, $200 billion.

The CHAIRMAN. All right. Thank you very much.

Mr. Smith?

Mr. SMITH. Thank you, Mr. Chairman.

Mr. Butler, earlier I think you are the one who stated—you talked about an antiquated system currently in place, paper-driven, old-fashioned. Is that correct?

Mr. BUTLER. Congressman Smith, I don't believe I was the person who made that comment.

Mr. SMITH. Okay. Someone did. I apologize.

Dr. DeHaven?

Dr. DEHAVEN. Congressman Smith, I believe that I made the comment about a paper-driven system.

Mr. SMITH. Okay. Right. So are you saying then that a system is in place now but antiquated?

Dr. DEHAVEN. We have had systems in place, particularly with tuberculosis and brucellosis eradication, when we had widespread disease outbreak and every state had extensive program for those diseases. Part of the disease program included metal ear tags and then paper records for those.

As we have been successful in eradicating or almost eradicating those diseases, we don't have nearly the number of animals that are tested, and so we don't have nearly the number of animals identified even with those paper and metal tag-type systems.

Mr. SMITH. Okay. Thank you. I appreciate that.

Dr. Jordan, I am not a dairy expert, but I know that cows are the primary focus of a dairy operation. Logistically can you explain the process and then the costs associated with cows versus bulls and the timing, and as much information as you can share.

Dr. JORDAN. Are you talking about just actually getting the job done of putting a tag in an animal?

Mr. SMITH. Right. What would be the cost difference for a cow as compared to a bull?

Dr. JORDAN. Well, I can answer you from how it would work on our farm.

Our baby bull calves are, essentially for our operation, are the ones that are going to leave our farm. And for us, all we would have to do is just purchase that little $2 tag and put it in his ear. And whether someone chooses—like, a small herd may not choose to actually identify every one of those animals for daily work with an electronic $2 tag. But as soon as that cow is sold in commerce and enters marketing channels, the day she is loaded on that trailer, you can put that tag in. It is that simple.

Versus some of our bigger dairies, they are already seeing the value of having that electronic tag, using that tag as their primary ID system to get their jobs done every day. In other words, rows of cattle, and they just take that wand and they pass it down, and then that wand beeps when it hits that ID tag that they have previously identified they want to do something to that animal today.

Mr. SMITH. So you would be comfortable, though, with the way it would be handled with the bull calves and otherwise?

Dr. JORDAN. Yes.

Mr. SMITH. Okay.

I think that is all I have, Mr. Chairman.

The CHAIRMAN. Thank you very much.

I want to thank the panelists.

I want to just say this, as we move toward our next panelists, that this has been very, very illuminating to us. This is, as I said at the outset, a very complex, complicated issue, but it is also an urgent issue.

There are people out there that do not like us, and we are vulnerable in our food supply area. And we have to look at animal ID from the perspective of the human cost with the same degree of energy or even more energy as we look at the economic costs, as we look at the lack-of-privacy costs. Those are fixable things, we can fix those, but we can't fix a human life that is lost because we failed to act in time to protect our food chain.

And I think therein lies the apex of our issue, and that is that we must do everything in our power to protect the food chain. The one thing that has come out clear in this is there is a huge economic cost. There is the front-end economic cost that Mr. Nutt and Mr. Thornsberry talked about. But there is also an economic cost to this industry if we fail to do something, especially when it is relatable to exports and to what the world reaction is to our own markets.

Voluntary animal ID leaves perilous holes in the bottom of the bucket, and these holes have to be filled. The issue is, can we do it voluntarily or must it be done in a mandatory way? It seems to me that, with the questions that have been raised and the points that have been made, those concerns of economic, those concerns of the privacy issue and trust with the Department of Agriculture from the standpoint of our Mr. Nutt, whose points were very well-taken—but at the bottom of the day, the issue becomes what is the most secure way to protect our food chain and protect the American people and that seems to be mandatory.

The discussion is still open. We are moving forward. You all have helped us tremendously, and we thank you for your time and participation with us today. Thank you.

And now we will assemble the third panel.

Thank you all very much. We are just pleased to have you.

We have with us on the third panel Dr. Rob Williams, Counsellor of Agriculture with the Embassy of Australia.

So, thanks. Good to have you.

We also have, accompanying him, Mr. Dean Merrilees, Minister counsellor of agriculture, Embassy of Australia; and Mr. Kerry St. Cyr, Executive Director of the Canadian Cattle Identification Agency of Calgary, Alberta, Canada.

Thank you for coming. Glad to have you.

We will start with Dr. Williams.

STATEMENT OF DR. ROB WILLIAMS, COUNSELLOR OF AGRICULTURE, EMBASSY OF AUSTRALIA, WASHINGTON, D.C.; ACCOMPANIED BY DEAN MERRILEES, MINISTER COUNSELLOR OF AGRICULTURE, EMBASSY OF AUSTRALIA, WASHINGTON, D.C.

Dr. WILLIAMS. Thank you, Chairman.

The Australian Government would like to thank the Subcommittee for the opportunity to share information on our experiences with implementing and improving Australia's National Livestock Identification System, or NLIS. I refer you to my written testimony for a more comprehensive account.

As background, a number of factors have influenced the successful development of Australia's animal identification system, including heavy reliance on export markets, strong industry and government partnerships, and maintaining customer or consumer confidence.

A mandatory cattle identification system based on visual tail tags was developed in Australia in 1967, which provided the ability to trace all cattle back to their last property of residence. The initial impetus for an improved national traceability system in Australia came from industry, on the basis that such a system could serve interests for disease management and commercial market requirements. In Australia's experience, this type of system best works on a mandatory basis.

With NLIS, the Federal Government has an overall policy coordination role and supplies funding to underpin the national system. The state governments, including territories, have the legal jurisdiction over livestock and implement the legislation that underpins the program. The industry, through the producer-owned Meat and Livestock Australia, or MLA, currently administer the database for NLIS.

NLIS, which commenced in 1998, was implemented by Government and industry first agreeing to a national performance standard and business rules. The development of national performance standards was critical to a uniform rollout of NLIS. Standards included a requirement to be able to trace back within 48 hours an animal to its place of birth, the adoption of a 99 percent retention and read rate, and devices that could be read at a maximum distance of four feet. At the time, only one technology met those standards under Australia's variable and harsh field conditions, and that was the machine-readable half duplex RFID, which was adopted as the technology for NLIS.

The rules regarding access to the NLIS database are outlined through business rules in the terms of use for the NLIS database. Government has access to the database for relevant fields of information necessary to manage a suspected or actual disease outbreak or a chemical residue incident. The data collected through NLIS is protected from freedom of information requests by other interested parties, primarily because the information is held by a private company in MLA. Today, there have been no known FOI requests for this information.

Currently, NLIS in cattle is a permanent whole-of-life system that allows individual animals to be identified electronically and tracked from property of birth to slaughter for food safety, product integrity, and market access purposes. NLIS is endorsed by Federal and state governments and by major producer, food lot, agent, sow yard, and processor industry bodies.

NLIS became mandatory in July of 2005 for cattle. Tracing systems are now operational or under development for sheep and goats, pigs, and alpacas.

The development and implementation of livestock traceability systems has significant costs, but the benefits of being able to accurately and quickly trace animals in the event of a disease or chemical residue issue outweigh these in the Australian context. Costs for NLIS are shared by both government and industry. It cost approximately $56 million to tag the national cattle herd, and the annual tagging costs thereafter are approximately $20 million. To put these costs into perspective, Australian beef exports are valued at approximately $17 million a week.

NLIS database stores more than 194,000 properties and almost 17 million devices. Over 55,000 transactions or movements are recorded daily. And over 97 percent of the transactions are processed in the database within 30 minutes, making this realtime data. When integrated with post-slaughter tracking systems, the database facilitates rapid tracing of cattle and carcasses.

Australia's experience has demonstrated that a system based on visual tags or brands, complemented by paper-based records, does not provide a robust basis for tracing livestock. Electronic systems have been demonstrated to be more reliable, less prone to human error, less resource-intensive, and easier to use.

In conclusion, NLIS was developed to enable the rapid and accurate trace-back and trace-forward across Australia. This has benefits in terms of disease control and market access. NLIS is performing well and meeting the needs of all key stakeholders and has proven to be very useful for herd management.

The Australian Government thanks the Subcommittee for this opportunity to share with you the results of our experience to date in implementing an animal identification system. And it is certainly an honor to be able to provide this information to the Subcommittee.

[The prepared statement of Dr. Williams follows:]

PREPARED STATEMENT OF DR. ROB WILLIAMS, COUNSELLOR (AGRICULTURE), EMBASSY OF AUSTRALIA, WASHINGTON, D.C.

Introduction

The Australian Government would like to thank the Subcommittee for the opportunity to share information on our experiences with implementing and improving Australia's National Livestock Identification System (NLIS). It is an honour to be able to provide information to the Subcommittee on our system which may assist in your deliberations. The system represents a joint commitment and working partnership between the Australian Government at federal and ftate levels and Australian industry.

Background

A number of important factors have influenced the successful development of Australia's national livestock identification system:

- Australia's reliance on export markets (two thirds of all agricultural products are exported, including 70 per cent of beef);
- The emergence of a realization within industry and shared by government that an animal identification (ID) system would be useful in sustaining customer satisfaction with the integrity of our product;
- A strong industry and government partnership, particularly evident in the cattle and beef sectors;
- A mandatory property identification system for cattle since 1967 that has been used to support and maintain Australia's favourable animal health status; and
- Agreement among all parties that the system be as simple, cost efficient and practical as possible.

The system originated from the early 1960s when Australia undertook an ambitious US$600 million program to eradicate Bovine Tuberculosis and Brucellosis (official eradication program began in 1970, and Australia declared freedom from the diseases in 1997 and 1993 respectively). In response to interest from trading partners, a mandatory cattle identification system based on using tail tags was developed in 1967 that provided the ability to trace all cattle back to their last property of residence. A premise ID numbering system was used to identify herds in relation to a parcel of land—these were referred to as Property Identification Codes (PIC) and provided the ability to trace all cattle back to their last property of residence.

The initial impetus for a national traceability system in Australia came from industry rather than government on the basis that such a system could serve industry interests for disease management and commercial market requirements. In Australia's experience, this type of system best works on a mandatory basis, especially given its large reliance on exports. Like the United States of America (US), Australia has a federal system of government and this has required it to build a consensus on the division of responsibility and oversight of NLIS. The Federal government has an overall policy coordination role and supplies funding to underpin the national system. The state governments have the legal jurisdiction over the movement and health of livestock and develop and implement legislation that underpins the program through government/industry management Committees. This Committee in each state coordinates extension and producer education programs such as demonstration sites, an assistance hotline and industry seminars that assist producers with on-farm use of technology. The state governments have established a registry of PICs, are responsible for ordering of identification devices and have assisted with establishing the reading infrastructure and more recently auditing device performance and monitoring compliance with legislative requirements. The industry, in Meat and Livestock Australia (MLA), currently administer the database for NLIS.

In the mid-1990s, after the successful eradication of brucellosis and tuberculosis, livestock industries, state and federal governments agreed that there was a need to convert the established visual-read-only PIC system to an electronic whole-of-life individual cattle identification system on the grounds that it was only a matter of time before such a system would be needed to ensure biosecurity, food safety and market access. This system became known as NLIS. In 1998, once again in response to a trading partner, individual identification was made compulsory for producers supplying the European Union (EU) market to provide meat from Hormone Growth Promotant-free cattle. The NLIS has been vital in Australia maintaining access to the high value EU market and has contributed to maintaining a high level of consumer confidence for Australian beef in its other major markets such as Japan and Korea.

Implementation of NLIS

NLIS was implemented by government and industry first agreeing to a set of National Performance Standards and Business Rules. The development of national performance standards was critical to a uniform and national roll out of the NLIS. Standards included a requirement to be able to trace back within 48 hours an animal to its place of birth, the adoption of a 99 per cent retention and read rate, and devices that can be read at a maximum distance of 1.2 metres. The technology selected had to meet these specific performance standards. At the time, only one technology met those standards under Australia's variable and in many cases, harsh field conditions—the machine-readable half duplex Radio Frequency Identification Devices (RFID), which was adopted as the technology for implementing the NLIS.

Business rules were developed to operate at the farm, saleyard and slaughterhouse levels. For example, all animals must be tagged prior to leaving the property of birth, and all stock movements must be read at points of transfer including saleyards and slaughterhouses.

The NLIS database is currently administered by MLA on behalf of SAFEMEAT . The rules regarding access to data are outlined through business rules in the "Terms of Use for the National Livestock Identification System Database". Federal and state governments have access to the database for relevant fields of information necessary to manage a suspected or actual disease outbreak or residue incident. These fields include date of sale or slaughter, PIC number, RFID number, and National Vendor Declaration (NVD) serial number. Private access to specific fields of information is only available to registered users such as producers, sale yard operators and slaughterhouse owners and includes data of a commercial nature such as carcase weights and fat scores.

The data collected through the NLIS is protected from Freedom of Information (FOI) requests by other interested parties primarily because the information is held

by a private company in MLA. The privacy and "commercial-in-confidence" provisions of the Australia FOI Act offer additional protection because the legislation provides exemptions for this type of data. To date, there have been no known FOI requests for this information.

Current Status

NLIS is Australia's system for identification and traceability of livestock. It is a permanent whole-of-life system that allows individual animals to be identified electronically and tracked from property of birth to slaughter-for food safety, product integrity and market access purposes. NLIS is endorsed by Federal and state governments and by major producer, feedlot, agent, saleyard and processor industry bodies and is underpinned by legislation.

NLIS became mandatory in July 2005 for cattle. Tracing systems are now operational or under development for sheep and goats, pigs and alpacas. The development and implementation of livestock traceability systems has significant costs, but the benefits of being able to accurately and quickly trace animals in the event of a disease or chemical residue issue outweigh these in the Australian context.

NLIS operates in conjunction with other relevant legislation with regard to product liability. In Australia, a National Vendor Declaration (NVD) exists in all cattle, sheep and goat transactions. This declaration is a signed statement from the vendor declaring the animal and public health status of the livestock consignment over the previous 60 days.

There are significant costs that are shared by both industry and government in adopting NLIS. It cost approximately US$56 million to tag the national cattle herd and the annual tagging costs thereafter are approximately US$20 million. To date, the Federal and state governments have committed approximately half the establishment costs in the last decade, and the industry the other half through both check-off funds and capital investment. To put these costs into perspective, Australian beef exports are valued at approximately US$70 million per week.

The cost of the cattle tags is met by farmers, and averages between US$1.35—US$2.65 per tag. The cost of sheep tags is up to approximately US$1. In addition to the tags, farmer costs include the tag applicator, which ranges from US$15 to US$125. In addition, other optional costs may be incurred by a farmer to purchase equipment such as tag readers, software and IT equipment to utilise NLIS as a herd management tool.

NLIS (Cattle)

NLIS (Cattle) uses machine-readable RFID devices (either an ear tag, or a rumen bolus/ear tag combination) to identify cattle. Each device contains a microchip encoded with a unique number linked to the PIC of the property of origin. All locations where cattle are kept (e.g. farms, saleyards, abattoirs etc) are required to have a PIC. When animals move along the supply chain, the RFID devices are scanned with an electronic reader and the movement details (e.g. the PIC an animal moves to) are recorded on the NLIS database, so that animals can be tracked. A life record of an animal's residency, and which animals it came into contact with, is established.

The NLIS database stores more than 194,000 PICs and almost 70 million devices. The database is accessed through the internet via a User ID and password. Cattle producers are able to directly access the database to report the movements of their cattle. When integrated with post-slaughter tracking systems, the database facilitates rapid tracing of cattle or carcases should there be a suspected or actual disease outbreak or chemical residue incident.

The system is mandatory and is now fully in place across Australia—with over 55,000 transactions/movements recorded daily. Over 97% of transactions are processed in the database within 30 minutes, making the data 'real time' and of enormous value for tracing purposes.

In addition to the location history of the animal, devices may have 'statuses' recorded against them, for example, risk statuses from chemical residues, animal health statuses, market eligibility information as well as lost or stolen cattle, completeness of traceability history etc.

NLIS in cattle is progressing well and has been demonstrated to be highly effective. During the national traceability exercise conducted in May 2007, CowCatcher II, 98.7% of animals were traced back to their property of birth within 24 hours and all in-contact animals were traced within 48 hours.

(Sheep and Goats)

NLIS for sheep and goats is a mob -based, paper-based system for tracing sheep and farmed goats. It uses visually readable ear tags which have the PIC printed

on them and is complemented by the use of a movement document. A database for sheep and goats has been developed.

NLIS (Sheep & Goats) was introduced on 1 January 2006 with the requirement to apply a visual tag with a PIC to sheep and farmed goats, complemented by movement documentation, before leaving the property of birth. From 1 January 2009 under the national rules for NLIS (Sheep & Goats) all sheep and farmed goats must be tagged with an NLIS accredited device before leaving their property of birth.

The national traceability exercise in August 2007, SheepCatcher I identified enhancements required with NLIS in sheep and goats to ensure prompt and accurate traceability of these animals for market access and disease control purposes. These enhancements have been, or will shortly be implemented.

NLIS (Pigs)

NLIS in pigs is in the early stages of development. It is a mob-based system based on tattoos and brands along a with movement document. At present only the animal identification part of the system is mandatory. Movements of animals through saleyards are required to be recorded.

NLIS (Alpaca)

NLIS in alpaca is in the early stages of development. The alpaca industry is advocating the use of RFID tags that incorporate both radio frequency and visual readability in the one tag for animal identification. The peak industry body is of the view that it will be easier and less expensive to set up the RFID system now while the industry is in its infancy.

Future Steps

NLIS is performing well and meeting the needs of key Australian stakeholders and international trading partners and customers. NLIS has proven to be very useful for herd management. The NLIS database enables 'statuses' to be ascribed to individual animals (for example, risk statuses from chemical residues, animal health statuses, market eligibility information, lost or stolen cattle). This functionality is potentially a very powerful tool for disease preparedness and response capacity, or for market management.

Some tools are being developed to enable interrogation and tracing through the NLIS database to be more efficient and effective. For example the Victorian Department of Primary Industries has developed a tracing tool called LiveTRACE TM. LiveTRACE integrates property data, animal ID data, property animal health data and transaction data in order to perform two major types of analysis: link analysis and timeline analysis. Links between various entities, such as a property and a saleyard, and their relationships over time can then be viewed.

The current priority species for NLIS is sheep and goats. The following strategies are currently under development or are in the process of being implemented to enhance NLIS (Sheep and Goats):

- mandatory mob based movements recording for all saleyard transactions will be implemented nationally from 1 July 2009; and
- mandatory transaction tagging will be implemented from 1 July 2009.

State and Territory jurisdictions are also working towards national uniformity for the purposes of NLIS (Sheep and Goats), particularly in the areas of PICs, movement documentation and saleyard transaction data. For example:

- All States are to require the use of approved movement documentation for all stock movements between different PICs.
- For saleyard transactions, agents are required to provide the purchaser with the following information: date of sale, from PIC, other PICs on tags recorded on documentation, number of head on movement documentation, movement document serial number, to PIC, number of head transferred to each buyer PIC, saleyard NLIS ID. This information may be provided in paper or electronic form, including the use of the central database. Where stock are purchased by a processor, the information must be provided prior to slaughter. For other purchases, the information is to be provided within seven days.
- Documentation to be retained for 7 years by a producer, and for 2 years by other parties (processors and agents).Tags and documentation to be required for movement of a live animal to a knackery. If an animal dies on farm and is moved to a knackery, a record of the movement to be retained by the consignor.

NLIS is under development for pigs and alpaca's.

Conclusions

NLIS was developed to enable the rapid and accurate traceback and traceforward of livestock across Australia. This has benefits in terms of disease control and market access. Australia's experience has demonstrated that a system based on visual tags or brands complemented by paper-based records does not provide a robust basis for tracing livestock. Australia has found that interrogating such a system is slow and resource intensive and the data are unreliable due to human error in recording transactions. Electronic systems have been demonstrated to be more reliable, less resource intensive and easier to use.

The NLIS has been implemented as a practical, government and industry partnership that has delivered business management benefits to the cattle and beef industry along the whole chain from 'gate to plate'. Integrating NLIS with herd management systems assists producers in supporting their quality assurance and food safety claims.

The Australian Government thanks the Subcommittee for this opportunity to share with you the results of our experience to date implementing a National Animal Identification System.

Additional information is available at *www.nlis.com.au and www.animalhealthaustralia.com.au*

For any queries, please contact the Australian Embassy:

- Dean Merrilees, Minister Counsellor (Agriculture) on [REDACTED]
- Dr Rob Williams, Agriculture (Veterinary) Counsellor on [REDACTED]

The CHAIRMAN. Thank you very much.

Mr. St. Cyr?

STATEMENT OF KERRY ST. CYR, EXECUTIVE DIRECTOR, CANADIAN CATTLE IDENTIFICATION AGENCY (CCIA), CALGARY, ALBERTA, CANADA

Mr. ST. CYR. Good afternoon, Mr. Chairman, Members of the Subcommittee. Thank you on behalf of the board and staff of the Canadian Cattle Identification for the opportunity to testify today.

The CCIA is a federally incorporated, not-for-profit organization that was initiated by the Canadian cattle industry to establish a national individual animal trace-back system for animal health and food safety in Canada. Through the leadership and foresight of producers and industry leaders and willing partners in the Federal Government, the CCIA was incorporated in 1998.

Conceptually, the original cattle identification system was designed to increase domestic and international consumer confidence through the assurance of efficient animal trace-back to assure the containment and eradication of animal health issues and assist in the management of food safety concerns. It was also to maintain and increase market access by avoiding trade barriers imposed due to animal health issues and support industry by opening up new markets.

And what it also does for us is it allows us to remain competitive not only with other species—and I am speaking from a cattle perspective—but other countries that were focusing on developing animal ID and trace-back programs.

As a result of this proactive approach by our industry leaders in government, Canada was prepared to react effectively and efficiently to the emergence of BSE as an animal health issue in 2003.

As I noted earlier, the agency is a federally incorporated, not-for-profit entity led BY a board of directors that is made up of representatives from several sectors of the livestock industry. Though not a voting member of the board, the Canadian Food Inspection Agency has been an exofficio representative on our board since its

inception and has been an integral partner in the development and implementation of the program. Other government partners have been Agri-food and Agriculture Canada and some provincial governments.

From a historical perspective, the CCIA completed its initial voluntary implementation in 2001 and for less than $4 million. The mandatory enforcement by CFIA for animal ID was phased in starting on July 1st, 2002.

The CCIA's repository houses the national ID and trace-back systems for a variety of industry and species groups, including dairy, beef, bison, sheep, and pork. The CLTS, or our repository, is the core of cattle marketing programs in Canada, as it is the source of information needed to provide international markets with credible data on the cattle they are importing. For the pork industry, the CCIA had previously developed the Western Slaughter Database for swine and is now working with this industry on a development and implementation of their own national traceability system.

Due to the emergence of avian influenza, the CCIA has worked with provincial groups in the poultry sector for the creation of premises identifiers to be used in their emergency planning system. Recently there was an outbreak of avian influenza in British Columbia, and, with their robust emergency planning system, supported by premise ID, the scope of the problem was effectively managed and the resulting cull was only 60,000 birds, not the tens of millions seen previously.

I guess the basis for our success has been an effective partnership between Government and industry, where industry has played a leading role in setting the timeline and the path forward, and had willing participation from the Federal Government in the delivery of this.

In the material that was forwarded to me in advance, one of the issues that was identified were what were the positives and the negatives. Well, we have heard a lot about technology being the key for speed of commerce. It can also be the Achilles heel if the system doesn't fit the industry that it needs to work in.

Part of that is the use of the RFID tag. I agree completely with my compatriots from Australia that it is the key to making it work. The reality is that in Canada, much as in parts of the United States, there are severe climatic conditions that affect the retention of the tags. We are focusing on an ongoing program of improvement to deal with that.

In conclusion, what I would like to emphasize is that we believe we have a successful system based on the strength of the collaboration between industry and government, where industry plays a leading role and that government is a willing partner with industry.

Thank you for inviting me to speak here today.

[The prepared statement of Mr. St. Cyr follows:]

PREPARED STATEMENT OF KERRY ST.CYR, EXECUTIVE DIRECTOR, CANADIAN CATTLE IDENTIFICATION AGENCY (CCIA), CALGARY, ALBERTA, CANADA

Mr. Chairman and Members of the Committee, thank you on behalf of the Board and staff of the Canadian Cattle Identification Agency (CCIA) for the opportunity to testify today.

The CCIA is a federally incorporated, not for profit organization that was initiated by the Canadian cattle industry to establish a national individual animal traceback system for animal health and food safety in Canada.

The origins of the CCIA can be found in the animal disease outbreaks of the 1980's and early 1990's; international events such as the outbreaks of Foot and Mouth Disease and BSE in other jurisdictions, and the management and eradication of Bovine Brucellosis and Tuberculosis domestically. Given our dependency on export markets, this emphasized the need to more effectively identify the cattle herd in Canada.

Through the leadership and foresight of producers and industry leaders and willing partners in the federal government the CCIA was incorporated in 1998.Conceptually the original cattle identifications system was designed to:

- Increase domestic and international consumer confidence through the assurance of efficient animal trace back to ensure the containment and eradication of animal health issues and assist in the management of food safety concerns;
- Maintain and increase market access by avoiding trade barriers imposed due to animal health issues and support industry by opening up new markets; and
- Remain competitive with not only other species but other countries that were focusing on developing animal ID and traceback programs.

As a result of this pro-active approach by our industry leaders and government, Canada was prepared to react effectively and efficiently to the emergence of BSE as an animal health issue in 2003.

As noted earlier, the Agency is a federally incorporated not-for-profit entity led by a Board of Directors made up of representatives from several sectors of the livestock industry. Though not a voting member of the Board, the Canadian Food Inspection Agency (CFIA) has been an ex-officio representative on our Board of Directors since inception and has been an integral partner in the development and implementation of the program. Other government partners have been Agri-Food and Agriculture Canada (AAFC) and some provincial governments.

CCIA, as the national traceability administrator for the Canadian cattle and bison industry, manages, administers and develops policy for the national animal ID, tracking and traceback program.

Included in these duties are the allocation of unique individual tag numbers from the national database, these unique tag numbers (animal ID) are required before an animal can move from the herd of origin and must be maintained to the point of export or carcass inspection.

The CFIA is responsible for regulatory enforcement as defined within the Health of Animals Act. The CFIA also ensures that the National program meets the ever evolving animal health and food safety traceback requirements from both domestic and international perspectives.

AAFC also works closely with the CCIA to ensure the funding requirements for important development and enhancement initiatives are met.

From a historical perspective the CCIA completed its initial voluntary implementation in 2001 and for less than $4 million. The mandatory enforcement by CFIA was phased in starting on July 1, 2002.

The effectiveness of the planned and phased in implementation has been very good. Based on international reviews of the traceback process following animal health issues, CCIA has been recognized as a world leader in animal identification and traceback.

With a nation wide compliance rate of between 99-100%, the CCIA has implemented a sustainable identification program while maintaining and surpassing national standards.

The CCIA's repository (the Canadian Livestock Traceability System [CLTS]) houses the national ID and traceback systems for a variety of industry and species groups, including dairy, beef, bison, sheep, pork and poultry.

The CLTS is the core of cattle marketing programs in Canada as it is the source of information needed to provide international markets of credible data on the cattle they are importing.

For the Pork industry, the CCIA had previously developed the Western Slaughter Database for swine and is now working with this industry on the development and implementation of their own national traceability system.

Due to the emerging issue of avian influenza, the CCIA has worked with provincial groups in the poultry sector for the creation of Premises Identifiers to be used in their emergency planning system. Recently there was an outbreak of avian influenza in British Columbia and with their robust emergency planning system, sup-

ported by Premises ID, the scope of the problem was effectively managed and the resulting cull was only 60,000 birds, not the tens of millions seen previously.

CCIA has been an active participant in the formation and maintenance of the Canadian animal identification system by creating national standards to provide direction and leadership on individual identification, technology, tag distribution, data reporting and auditing. As well as working directly with both industry and government partners, the CCIA has implemented a system that is practical and fully supported by the Canadian cattle industry and other sectors.

On an ongoing basis the CCIA assists the CFIA in any animal health or food safety related investigations in Canada, which have been an integral part in all BSE investigations. The system provides invaluable and timely tag inventory, tag history, retirement data from the packing plants and exports, and the activity of all herds involved. In the follow-up reviews to the 2003 BSE investigations, the international review Committee was very complimentary of the effectiveness of the Canadian traceback system.

During negotiations with Japan for the re-opening of their market to Canadian beef exports, a key factor was the existence and credibility of the Canadian animal identification system. Supported by the system Canadian access to an increasing number of international markets is occurring, with recent market agreements in the Middle East an example of this.

From the perspective of being a "partner" in external traceability systems, CCIA has also had an effective and collaborative relationship in coordinating efforts with the Wisconsin Livestock ID Consortium for system development to meet their state's needs.

With a proven successful industry/government partnership that has endured and grown, the CCIA is poised to leverage on its past and current success with animal identification and grow the potential for full Canadian livestock and poultry traceability.

A key concern that everyone in our societies has is the issue of security of their personal information—it is a concern that is raised constantly and from the perspective of CCIA, it is a requirement imposed by privacy legislation. All personal information associated with each tag number is securely maintained within the national database and is only accessed by authorized personnel in the event of an animal health issue.

Releases of information needed for the handling of such matters as stray animal searches and for the enabling of value-added information sharing is performed with the appropriate consents.

From a structural and procedural basis, the CCIA assists producers and other industry participants meet their regulatory reporting requirements to governments, federal and provincial, through controlled access based on defined protocols.

With the emergence of commercially driven, value-added programs, the development of industry consent-based information-sharing protocols has also been implemented, that is to say that if a producer and someone else in the value-chain wish to share defined information they can have that information flow facilitated by the system. However, I would emphasize that all the participants must agree to this and define the terms of what they are willing to share.

As with all technology-based systems, the CCIA has continued to enhance the functionality of the animal identification program through ongoing system enhancements, including a complete upgrade in 2006 to facilitate the migration from bar code tags to Radio Frequency Identification (RFID) technology tags. It has also implemented components to support:

- Various value added and post-BSE initiatives such as Age Verification; and
- The implementation of Premises Identification Numbers to support emergency planning and enable movement reporting.

The use of Age Verification, the ability to associate an animal birth date with a unique animal identification number, has been a key evolution. To address the ever increasing demands from our international trading partners for livestock products with specific requirements accurate age determination for Canadian cattle is a necessity.

In order to ensure the industry could maintain its market access, the CCIA implemented changes to the CLTS that provide an effective and internationally recognized validation and age verification process. This functionality enables producers to submit information to meet regulatory requirements (Alberta and Quebec) or commercial interests in a recognized national database and have it readily available when it is required by either domestic or export markets.

The transition from the original bar code tags to Radio Frequency Identification (RFID) technology officially began on January 1, 2005. The bar coded tags were no

longer eligible for sale in Canada as of July 1, 2005, and as of September 1, 2006 producers were no longer allowed to tag anything but mature breeding stock with the bar code tags. The transition will be complete as of December 31, 2009, with all cattle leaving their farm of origin being mandated as requiring a CCIA approved RFID tag.

From a commercial perspective, the evolution from bar codes to RFID has been moving faster than this timeline, with many feedlots and other commercial entities (e.g. dairies and feedlots) using the unique animal RFID tag number as a critical component in their business systems to monitor feed, health, production, and other factors.

The implementation of RFID technology has provided many benefits including:

- Providing accurate and efficient trace back information more efficiently;
- Allowing for the electronic reading of numbers without the line of sight and legible bar code required for an optically based system;
- Ensuring Canada has an accurate and comprehensive age verification system; and
- Providing the necessary basis for full animal movement tracking at the speed of commerce.

In conjunction with national standards, the CCIA's standards for RFID tags ensure visual, mechanical, physical, electrical and environmental quality, additionally they are also tested to make sure they cause no undue welfare concerns to an animal. The CCIA also verifies associated technology such as readers to ensure that they meet all standards for readability.

As the CCIA continues to enhance the current system it provides an increasingly efficient platform to collect essential animal identification related data and other attribute information that has both regulatory and commercial utility. The use of the data supports a variety of applications, which includes the:

- Transition to RFID tags;
- Previously referenced implementation of age verification;
- Premise Identification registration facilitates tracebacks and movement tracking, whether it is a Group or Lot approach (pork and sheep), individual animal sighting; or unique animal movement (cattle and pork breeding animals), animal health zone controls, and disaster planning / recovery; and
- Value-Added commercial programs, either for mass-marketed approaches or local niche markets.

In preparing for this hearing it was identified that there was interest in learning what had worked and what has not been as successful. I will attempt to share some of my learnings and that of my organization.

Given that technology is described as the key to the success of the system, it is fair to say that it can also be its Achilles heel. By this I mean that the system can be incredibly efficient when all sectors have a high level of technological infrastructure, but when that infrastructure is not as robust (e.g. dial-up or not Internet vs. high-speed / broadband) a single solution or approach is not always attainable or viable.

This is a key factor for developing the tools and techniques for data collection, distribution, and also the structure for the education and training required to support producers and other industry participants. Failure to address the capture methods issue and education aspects can have significant impact on overall credibility of the system.

Another key area is the base level technology, that of the RFID tag and the factors affecting its retention and readability. This component is one that is subject to an incredible range of environmental and climatic factors in Canada and testing and product improvement and producer education are vital to addressing concerns.

With respect to addressing key technology factors or other system-related issues, CCIA is moving to continuous improvement practices to address the technological and engineering factors, while using these practices to identify key educational issues for the industry and how to best deliver the training.

Underlying this is the reality that there is no "one size fits all" approach to a national traceability system in a country as large and diverse as Canada and we will use a collaborative and open approach to working with industry, the business sector, and government to address the issues and deploy the right tools for the getting the job done.

In June 2006, recognizing industry's leadership and foresight in building the foundation for livestock traceability, Federal/Provincial/Territorial (FPT) Ministers committed to phasing in a National Agriculture and Food Traceability System (NAFTS),

beginning with livestock and poultry. Four sectors have been prioritized: cattle, sheep, hogs and poultry.

In August 2006, an Industry-Government Advisory Committee was established to lead the development and implementation of the national traceability system for the livestock and poultry components of NAFTS. IGAC is the current forum for industry and governments to collaborate on traceability.

The need for this approach will become even more evident as we advance down the path to a full multi-species traceability system. Having a flexible and collaborative organization and system will be the only way that we will achieve a vision that embraces the full continuum of traceability from the farm gate to the consumer's plate.

The integration of multiple complex data systems, while protecting the personal privacy of individuals will necessitate innovative solutions and extensive collaboration between a large number of parties.

As you can imagine, communications is a crucial factor in the success or failure of a national identification system. No one party can make it a success or result in its failure—it is dependent on the resources and participation of all industry sectors, organizations and government to ensure industry and all stakeholders are informed and able to support and use the program and understand its future potential.

Multi-year campaigns utilizing standard themes in various communications tools, such as brochures, advertisements, educational forums, presentations, websites, posters and media kits, are needed to ensure that the CCIA effectively communicates key messages about the program.

The path to the future that the CCIA has committed to is one that continues to:

- Meet and strives to set performance levels that exceed domestic and international requirements for animal identification, tracking and traceability;
- Improve Canada's overall animal health emergency response capabilities;
- Enhance all aspects of data integrity and quality control;
- Define and implement all necessary technological and database enhancements;
- Ensure a cost-effective, efficient and long term sustainable program for sectors of the livestock and poultry industries;
- Support to our industry partners in their efforts to engage and educate the consumer as well to assure them of food safety and the quality of Canadian meat; and
- Work with our trading partners in an effort to achieve international standardization and increase the efficiency and cost-effectiveness of all livestock identification and traceability programs.

The animal identification program was initially mandated as a joint venture between industry and the Federal Government to meet the basic animal health and food safety traceback requirements. This partnership continues to be very strong and productive and one that is expanding to include provincial governments and an ever-expanding range of industry sectors.

The evolution of the relationships and the collaborative development of the necessary tools are seen as the most effective way forward and pave the way for the effective and efficient use of the system for all stakeholders.

Thank you for your invitation to meet with you and the time to speak to you today.

The CHAIRMAN. Thank you both very much. We are very, very grateful.

Let me start the questioning with you, Mr. St. Cyr. Can you comment on whether mandatory ID has helped your export markets?

Mr. ST. CYR. Well, I can't speak from the perspective of having taken part in the negotiations. However, the subjective evidence that I have received from our Canadian Cattlemen's Association is that the existence of our animal ID system was crucial in opening the Japanese market to Canadian beef.

The CHAIRMAN. Now, did any of your businesses go out of business directly related to their participation in mandatory animal ID?

Mr. ST. CYR. Not to my knowledge.

The CHAIRMAN. What was the start-up cost for your programs? And what are the annual costs to each of your governments, Aus-

tralia and Canada? Please state if your answers are in U.S. dollars or your own currency.

Mr. ST. CYR. As I noted in my presentation, the start-up cost for the CCIA was approximately $4 million Canadian and our annual operating cost is about $3 million Canadian.

Dr. WILLIAMS. Certainly, from our cattle industry perspective, the start-up costs were about $56 million U.S., in terms of tagging the national herd and some of the infrastructure costs that needed to be put in place. Then it is approximately $20 million U.S. a year to maintain the annual tagging. That cost so far has been shared 50-50 between government and industry.

The CHAIRMAN. And just in Australia, is Australia TB-free? If the answer is yes, would you credit the mandatory ID system for that success?

Dr. WILLIAMS. Yes, we are TB-free. We have been TB-free since 1997. And the basis of having a mandatory animal identification system was due to our tuberculosis and brucellosis eradication program. So definitely yes.

The CHAIRMAN. So have either of you ever had to use or execute your system for a disease problem? And if so, how long did it take you to track all of the animals that you were looking for?

Dr. WILLIAMS. We certainly have used it on some minor residue issues. So, going back to the questions that were asked of the previous panel on food safety, it still is a useful food safety tool. Certainly anecdotally, from the minor issues we have had to deal with, it has been a very effective tool for traceability.

But we have also tested it, as a government, through exercises. We have had two exercises for the cattle industry called Cow Catcher I and Cow Catcher II—very ingenious names, of course. Basically, Cow Catcher I was conducted before the mandatory system came into place, and we found the overall result for traceability was about 75 percent. Our national performance standard is related to tracing an animal within 24 hours and also contact animals within 48 hours. When we ran the exercise Cow Catcher II, which was conducted in 2007, the traceability success rate rose to 99 percent, or nearly 99 percent of cattle were traced within 24 hours.

The CHAIRMAN. Now, to the both of you, do you believe that your animal ID system would be as an effective if it were voluntary?

Mr. ST. CYR. I will start out on this one.

The program in Canada did start out on a voluntary basis, and it had a reasonable uptake. However, to reach the point where you have the critical mass, it had to be converted to a mandatory animal ID system.

The CHAIRMAN. Okay.

And you?

Dr. WILLIAMS. I don't have anything to add to the other comment, other than to say, yes, in the Australia experience it started off as voluntary, but, again, our experience has shown that it must be a mandatory system.

The CHAIRMAN. Thank you very much.

Mr. Neugebauer?

Mr. NEUGEBAUER. Thank you, Chairman.

Dr. Williams, in your testimony—and I want to make sure I understand this clearly—what portion of that cattle ID system in your country is borne by the producer and what portion is borne by somebody else?

Dr. WILLIAMS. Are you talking about the costs of the system?

Mr. NEUGEBAUER. Yes.

Dr. WILLIAMS. In terms of costs, it has been approximately 50-50 in terms of the actual split. It does vary between states. Different states and different territories were able to implement the system under their own—well, they were required to put the legislation in place and under their own steam, if you like. But in terms of actual costs, it has worked out to be approximately 50-50.

Mr. NEUGEBAUER. Fifty percent the producer and 50 percent the government then?

Dr. WILLIAMS. Exactly, yeah.

Mr. NEUGEBAUER. In the Australian system, what are some of the primary things that your government did to protect what would be considered proprietary data that the producers would not want to share in a public domain? What have you all done to protect that?

Dr. WILLIAMS. Yes, that is a good question. The data collected through NLIS is protected from freedom of information acts in Australia. And the major reason why that is done is because the database is actually held by a private company, in Meat and Livestock Australia.

And there have been no known requests for data for freedom-of-information purposes to date, but even so, the data is protected.

Mr. NEUGEBAUER. Now, is some of that data held by private companies and then accessed by the government? Or is it all in a government database?

Dr. WILLIAMS. No, it is in a private database run by a producer-owned group called Meat and Livestock Australia. The government has access in specific circumstances, for suspected or actual disease outbreaks or chemical residue incidents. So, most of the time, the government is not accessing the database.

Mr. NEUGEBAUER. So when you ran Cow Catcher I and Cow Catcher II, did you physically go into the database, or did you call the private company and say, we need trace-back or information on these? How did that work?

Dr. WILLIAMS. No, we physically used the database at the government level, both mainly the state and territory levels but also Federal Government. It is an ID user, password-protected system, Web-based, Web-enabled. Government offices have their own user ID and password protection, so you know who accesses the database, and you also have different levels of protection as to what you can access in the database.

Mr. NEUGEBAUER. So, in other words, can you physically go in there and download data, or do you have to review it online?

Dr. WILLIAMS. I am a government veterinarian and not IT expert, but I have actually interrogated the database myself. Most of the time, a government officer would—they only have access to certain fields in the database, and most of the time what you have isn't easily seen on the screen, so you then might make a few notes

about what you might need to do, say, make a phone call or go to a sow yard.

So you could—I am not sure whether you can actually download it, but you can certainly—you have access to the database that you need to.

Mr. NEUGEBAUER. Do you have mandatory animal ID for all food animals in Australia?

Dr. WILLIAMS. We are moving towards that system. So mandatory tagging of sheep and farmed goats was brought in in January 2006, and we are moving to a mandatory recording system.

And I think it was explained by previous panelists, you sort of go through this in a step-wise process. You register premises, then you start to identify the animals, and then you actually have the traceability systems put in place.

So we are working towards the traceability system. July 2009 in sheep and farm goats, we will have mandatory requirements for recording through sow yard transactions.

Mr. NEUGEBAUER. Where the private sector is maintaining the database and the government is accessing it, and so therefore if somebody does an open records request, the government doesn't have any data in its hands, other than maybe the premises numbers or something like that? So, that is the way you have protected the proprietary information?

Dr. WILLIAMS. Basically any information from that database, as I said, it is exempt from the Freedom of Information Act in Australia.

Mr. NEUGEBAUER. By statute?

Dr. WILLIAMS. Yes, that is correct.

Mr. NEUGEBAUER. I want to go to my Canadian friend. By the way, we came to Canada on a field hearing a couple of years ago.

And where are you in the process? Do you have mandatory animal ID for every food animal in Canada?

Mr. ST. CYR. Not all food animals, at this point. We are moving on that path. The goal of industry and government is to have that in the next few years.

Right now, we have cattle, bison. Pork will have a national traceability system this year. Sheep has moved that way. Goats are probably the last of the commercial type of livestock species that don't have it.

Mr. NEUGEBAUER. What mechanisms has the Canadian Government put in place to help to protect this proprietary information so that producers don't feel like their operations are an open book?

Mr. ST. CYR. Well, because we are essentially a private company that manages it on behalf of industry and government, we have a different regulatory environment instead of the Federal Government. The Federal Government and provincial governments have right of use and access to information through the regulatory regime that they operate under, but that is the only information that they have right of use and access for.

Proprietary information is managed under a separate regulatory regime, where it is consent-based by the producer. So you want to have a value-chain sharing approach, so that you are carrying that attribute information along. All of the members of the value chain

who want to share information must consent and provide us with that consent so that that can be enabled for them.

Mr. NEUGEBAUER. So that is to make certain representations about the origin of that product, where it has been and so forth——

Mr. ST. CYR. Exactly.

Mr. NEUGEBAUER.—for countries or companies that are sensitive to food safety?

Mr. ST. CYR. Yes.

Mr. NEUGEBAUER. Thank you, Chairman.

The CHAIRMAN. Thank you.

Just as a note, we are going to have the second panel come back very briefly. So those, the second panel here, please stay put. We are going to have you come back momentarily. We appreciate your attendance here.

To continue the questioning, Mr. Costa?

Mr. COSTA. Thank you very much, Mr. Chairman. For clarity here—I just have one question for these witnesses—are we then going to move to the second panel?

The CHAIRMAN. Yes.

Mr. COSTA. Okay.

I also have some constituents here who are very involved in the issues that we are talking about here today. So I am pleased that they are here to get their own take on what is going on.

Quickly, with both Australia and with Canada, do you have an equivalent of the animal identification—I mean like the MCOOL program? I don't know how familiar you are with it here in the United States, but it requires labeling for products that are sold in our markets. Do you have an equivalent of that in Australia or Canada?

Mr. ST. CYR. Recently, the Federal Government implemented Product of Canada labeling requirements. But because that is outside of my area of expertise, I would be very reluctant to comment on that.

Mr. COSTA. Okay.

For Australia?

Dr. WILLIAMS. We do have Mandatory COOL for some products but not for red meat. So it has no basis for beef.

Mr. COSTA. So suffice it to say, both of your countries are in transitioning as far as consumer demands and other markets dictate, as it relates to both labeling as well as animal identification.

But you see animal identification, to the heart of the questions that you were asked today, as being a health issue and not a marketing issue, is that correct?

Mr. ST. CYR. For us, from the government perspective—and I can only speak subjectively, because I just work with them——

Mr. COSTA. Yes. I mean, there are three reasons. It is either health, marketing, or trade.

Mr. ST. CYR. For the way the current system is structured, it is an animal-health-based approach. From the commercial side, the industry side, it is a facilitator to allow them to market both domestically and internationally.

Mr. COSTA. Is it the same in Australia?

Dr. WILLIAMS. No. It is actually covering all three. Certainly for animal health from a government perspective, the legislators' per-

spective. But from an industry perspective, it is definitely market access. In fact, because we so heavily rely on exports in Australia, that was one of the key drivers for NLIS—or mandatory NLIS.

Mr. COSTA. And trade.

Dr. WILLIAMS. Yes, exactly. That is correct.

Mr. Costa. I would like to go to the next panel, if that is possible, Mr. Chairman.

The CHAIRMAN. Thank you very much. I want to thank this panel for your participation. You have been very helpful to us, and your full testimony will be a part of the record. We want to thank you very much.

And if the second panel could reconvene for a moment, we have a couple of quick questions Mr. Costa would like to ask.

Mr. COSTA. I thank the Chairman and Ranking Member for your indulgence. I tried to get back here as quickly as I could from the floor and got waylaid.

As you are sitting down, quickly, Mr. Nutt and Dr. Thornsberry and—I guess Mr. Butler is not here—Dr. Jordan and Dr. DeHaven, question: Mr. Nutt, do you oppose mandatory—I heard your testimony earlier—ID? Animal identification?

Mr. NUTT. I will start off by saying this: As we know it today, with the degree of definition that there is, we very much opposed a mandatory system.

Mr. COSTA. All right. I just wanted to clarify that.

Dr. Thornsberry, you are opposed as well?

Dr. THORNSBERRY. 100 percent.

Mr. COSTA. Okay. I thought I understood in the testimony—I was here at the time—that the pork industry supported it, if I am correct for the record, as did the dairy industry. Is that correct?

Dr. JORDAN. That is correct.

Mr. COSTA. We have about, what, about 9.3 million milk cows in the country?

Dr. JORDAN. That is right, mature animals, yes.

Mr. COSTA. And about 4 million heifers, replacement heifers, something like that? But you have worked with the mandatory program, in essence, for a while.

Dr. JORDAN. Yes. Well——

Mr. COSTA. I mean de facto. I mean the way you register your animals for breeding dates and everything, they are all registered, they are identified from dairy to dairy, right?

Dr. JORDAN. Well, I am not going to lead you astray in thinking that all of our cattle are registered with breed associations.

Mr. COSTA. No, I understand that.

Dr. JORDAN. Okay.

Mr. COSTA. I am a third-generation dairy person, so I know a little bit about the business.

Mr. DeHaven, your position on mandatory ID?

Dr. DEHAVEN. We support mandatory ID.

Mr. COSTA. Okay.

Mr. Thornsberry and Mr. Nutt, the question I asked the previous panel, I think there are three reasons why we—and I know, Mr. Thornsberry, you strongly supported labelling, or I believe R-CALF strongly supported it. And I am confused. I think there are three reasons, as I said, for animal ID: health, marketing, and trade.

And you told me how you felt about the trade issues in your testimony, so obviously that doesn't sway you. But I am trying to understand why, if you support labelling under MCOOL, doesn't it seem inconsistent for you as a veterinarian not to support it for health reasons?

I mean, we have BSC issues that we have to deal with, we have brucellosis, we have TB. I have had two dairies in my district that have tested positive, and it has been a horrific, difficult challenge to deal with. I mean, it just seems to me, if we had mandatory ID, we could deal with a lot of these issues.

Mr. Thornsberry, do you find your position inconsistent?

Dr. THORNSBERRY. No, I certainly do not. There is no relationship to ID and COOL. COOL identifies the country of origin, not the farm of origin. And all meat and all cattle coming into this country from another country have to be marked with a mark of origin. All we have to do is maintain that origin. Anything born in the United States doesn't need an identification, because all foreign products are identified.

You know, we hear this——

Mr. COSTA. Let me ask you a question. Would you not agree that, if we had a national animal ID program in place, that the length of time associated with the costs of testing for TB, for example, could be dramatically reduced, that we could save money?

Dr. THORNSBERRY. No, I do not. I don't know of a dairy yet that doesn't have their animals identified in some fashion or another. Seventy-two percent of all dairies are part of DHIA, and all those have an individual identification on them.

I don't believe that animal ID is going to be any miraculous system that will automatically prohibit us from ever having a problem in this country.

Mr. COSTA. But you have concern about animals being imported from Mexico or Canada, right?

Dr. THORNSBERRY. Most certainly I am.

Mr. COSTA. Of all the animals that I understand that have been traced out and tested from Mexico, I understand 377,000 tests, not one has tested positive?

Dr. THORNSBERRY. For TB?

Mr. COSTA. Yes.

Dr. THORNSBERRY. Seventy-five percent of the TB identified in the United States by DNA typing comes from Mexican cattle.

Mr. COSTA. Not one of the Mexican cattle that I understand was implicated in the tests.

Dr. THORNSBERRY. No, sir, that is incorrect. The OIG has made a report here recently. Part of the problem we have TB in this country, we have wildlife reservoirs. That is going to continue to be a problem forever.

Mr. COSTA. Well, of course, whether you have MCOOL or whether you have a mandatory ID.

Dr. THORNSBERRY. But 75 percent, 75 percent of the——

Mr. COSTA. But would you not argue that mandatory ID'ing would provide an added safety issue?

Dr. THORNSBERRY. No, I would not.

Mr. COSTA. Well, I would disagree with you. I mean, I understand why you don't like it.

Dr. THORNSBERRY. Yes, I don't think you have weighed the consequences of this program. You have had Australia talk to you that has 25 million head of cattle. Talking about us, we have 100,000 head of cattle in this country.

Mr. COSTA. 100 million cattle.

Dr. THORNSBERRY. I mean 100 million.

Mr. COSTA. Right, last time I checked.

Dr. THORNSBERRY. We have four times as many cattle, four times the cost, if not more. They are getting tags much less expensively than we are because most of our tags come from that country. Mine are costing me $3.

Mr. COSTA. I don't think you can do MCOOL successfully, as I said to the earlier witness—and I don't expect I am going to change your mind, but you are not going to change your mind—unless you have mandatory ID. I think the two go hand in hand.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Before we adjourn, I want to recognize the Ranking Member, if you have anything you would like to say.

Mr. NEUGEBAUER. Well, I think this has been very helpful. And I think one of the things that this begins to articulate is there are a lot of different ways to approach this issue. But I think one of the most important things, as we move in this direction of trying to make a decision on what to do with animal identification, is we need to get it right. And we hear that even if we started now, it would take 4 years to implement it. Gosh, if it would take 4 years to implement it and then we didn't get it right, how long would it take to fix it?

So I appreciate the Chairman. I hope this is an issue that we will thoughtfully proceed with. We may have to have additional hearings and possibly look at some different ways to approach this issue.

The CHAIRMAN. Well, thank you, Mr. Ranking Member.

And I want to thank all of you, all of you that came, took time out of your busy schedule to come and share with us your expertise. We deeply appreciate it. It has been very helpful to us and very informative.

As I said before, this Committee is moving aggressively on this issue. I think our time clock is ticking. As I mentioned, this issue is a homeland security issue now, and our next hearing will be a joint hearing between this Committee and the Homeland Security Committee.

This is taken very seriously. We feel the Administration is taking it very seriously. We are going to move forthrightly. We are going to figure out a way to deal with those concerns.

I think you have real concerns, Mr. Thornsberry and Mr. Nutt, in terms of the confidentiality of information, make sure it is protected. I think we did have some examples, although from Australia and Canada. They are smaller economies of size than ours; we recognize that. But I think we have the nucleus for coming up with a conclusion.

And, like I said, at the end of the day, the bottom line is protecting the food chain of the American people, thereby protecting

the human costs that we have but also protecting our economy as well. It only takes one little slippage.

Now I would just like to say, under the rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive additional material and supplementary written responses from the witnesses to any question posed by a Member.

This hearing of the Subcommittee on Livestock, Dairy, and Poultry is thereby adjourned.

[Whereupon, at 12:43 p.m., the Subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUBMITTED STATEMENT OF JUDITH MCGEARY, EXECUTIVE DIRECTOR, FARM AND RANCH FREEDOM ALLIANCE

The Farm and Ranch Freedom Alliance (FARFA) is a non-profit organization headquartered in Austin, Texas. Founded in April 2006, FARFA has over 600 members and over 2,000 subscribers to its mailing list from across the country. FARFA is dedicated to protecting the interests of independent farmers, ranchers, homesteaders, and other livestock owners.

USDA has described NAIS as "one of the largest systematic changes ever faced by the livestock industry."[1] Despite the scope of the proposed program, the government has not conducted any scientific studies to analyze the design or effectiveness of the NAIS. Nor has the government ever completed a cost-benefit analysis. Rather, the USDA has relied on unsupported, generalized statements that NAIS is necessary to protect the United States against an outbreak of animal disease and that it will help the export market. The discussion below is an overview of the most egregious issues that have been ignored by the proponents of the program.

Background

In the 1980s and 1990s, industry trade groups developed plans for a national electronic animal identification system.[2] In 2002, the National Institute for Animal Agriculture (NIAA) established a task force to create a National Animal Identification System.[3] The NIAA is a trade organization composed primarily of large agri-business, technology companies, and government bureaucracies.[4] The NIAA included USDA in its task force to develop a national electronic identification system.[5]

In April 2005, the USDA published the Draft Strategic Plan and the Program Standards for the NAIS. These documents set out a three-stage program: premises registration, animal identification, and animal tracking, discussed in more detail below. The Plan stated that the NAIS would be mandatory after an initial voluntary period.[6]

After a public outcry, USDA announced in November 2006 that NAIS would be voluntary at the federal level.[7] The same day USDA made this announcement, it also announced the availability of $14 million to fund state programs under cooperative agreements. The cooperative agreements with the states include provisions requiring the states to reach specified goals for participation.[8] The federal funds thus encourage states to adopt mandatory programs, as Wisconsin and Indiana have done,[9] or to use coercive measures to increase registrations. For example, Michigan now requires all cattle to be tagged with NAIS-compliant RFID tags (and the properties registered), Tennessee has refused disaster relief to farmers whose properties were not NAIS-registered, and Colorado has expelled children from the State Fair livestock show because their parents' properties were not registered.[10]

Further, despite referring to "critical mass" as an intermediate goal for participation, the USDA has repeatedly stated that its ultimate goal is to have 100% or "full" participation. It is not plausible that 100% of animal owners, including thousands of people who have livestock as pets, will choose to sign up for this program of their own free will, in time to meet USDA goals. The reality is that states continue to

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[1] USDA Press Release No. 0120.06 (Apr. 6, 2006).

[2] *See, e.g,* Proceedings of the 1994 Livestock Identification Consortium, online at *http://animalagriculture.org/Proceedings/1994IDProceedings.asp*

[3] Draft Strategic Plan, United States Department of Agriculture, Animal and Plant Health Inspection Service (published Apr. 25, 2005) (hereinafter "Draft Plan") at 4.

[4] The list of NIAA members is available at *http://animalagriculture.org/aboutNIAA/members/memberdirectory.asp.*

[5] Draft Plan at 4.

[6] Draft Plan at 8-9.

[7] USDA, National Animal Identification System (NAIS): A User Guide and Additional Information Resources (Version 2.0, December 2007) (hereinafter "User Guide").

[8] *See, e.g.,* USDA, Announcement of Cooperative Agreements for Implementation of the National Animal Identification System (NAIS) (Nov. 22, 2006) (hereinafter "Cooperative Agreement Announcement") at 1 ("Applications must present well-defined measurable outcomes and total allocation of funding will be dependent upon achieving projected results with a mid-year assessment.").

[9] Wisconsin and Indiana have implemented mandatory premises registration. *See* Wis. ATCP Rule 17.02; 345 IAC 1–2.5. State agencies in Texas, Vermont, and Pennsylvania have proposed mandatory regulations under NAIS and only withdrawn them after intense public outcry.

[10] USDA has expressly approved of coercive tactics, such as requiring participation in NAIS to be tied to existing programs. *See* User Guide at 7. USDA's 2007 call for applications for cooperative agreements also allows for data mining. *See* Cooperative Agreement Announcement at 12. Numerous anecdotal reports have also surfaced of individuals being told that the state program was mandatory (even when nor regulations had been adopted), told that they had to register in order to attend a show or sell their animals at public auction, or other threats.

face pressure from USDA to implement mandatory or coercive measures to meet the USDA's goals and to receive federal funds to meet those goals. We urge Congress to halt or restrict the USDA's implementation of NAIS.

I. NAIS will impose significant costs on livestock and poultry owners, including small farmers and pet owners.

The USDA provided a grant to Kansas State University in 2007 to conduct a cost-benefit analysis. Although USDA has the results, it has refused to release the study to date. Instead, the USDA and state agencies continue to spend money on NAIS and expect animal owners to pay costs, while our economy faces a severe recession.

Even just the first step of the NAIS, premises registration, involves significant costs: computer hardware and software to create the database of all animal owners, and the personnel for data entry, management, and maintenance. These costs must be paid either through a fee on the landowner (as proposed in Texas) or with taxpayer dollars.

Animal identification is a separate, costly step. Although the external RFID tags cost $3, the implantable microchips cost approximately $20. The cost of actually tagging the animals must also take into account the costs of a veterinarian's assistance (for implantable micrcohips) or the equipment and labor necessary to precisely place the tags in the correct portion of the ear so that they can be read electronically.[11] There is also the potential for human or animal injury in the process, as well as the shrinkage associated with greater handling of the animals.[12] Most farmers and ranchers have very narrow profit margins and will not be able to absorb these costs. Some animals, such as sheep and goats, may be worth as little as $50 to begin with, making such costs clearly excessive. If leg bands are used to identify poultry at birth, they will require multiple tag changes while they grow to maturity, which could easily mean spending more money on tags than the bird would sell for.

The third step, reporting, will require animal owners to either have electronic readers and computers, or to pay someone else to scan the tags and report. The cost for reporting every movement of every animal will differ, depending on whether the owner has to hire additional labor to help with the paperwork requirements. The list of reportable events is long: the tagging of every animal; regional shows and exhibitions; every sale, whether by private agreement or market; missing animals; predator losses; euthanasia; rendering; and slaughter. The resulting databases will be massive, requiring extensive equipment and personnel. These costs may be directly imposed on the animal owner, or they may be partially hidden by using taxpayer dollars, levies on sales barns, or other methods. But they must be paid somehow.

The Australian Beef Association has estimated that the costs for the Australian program (which covers cattle only) could be as high as $40 for each animal.[13] The Association noted that a British parliamentary Committee found that Britain's tracking program cost as much as $69 per animal sold. When multiplied by the approximately 100 million cattle in this country, 9 million horses, 9 million goat and sheep, and millions more included livestock and poultry animals, these costs are staggering.

II. NAIS will not increase food safety.

For many people, the issue of animal health is closely linked to food safety. Yet the NAIS will do nothing to improve the safety of our food supply. Most food-borne illnesses are from bacteria such as salmonella, e. coli, and campylobacter, or the Norwalk viruses.[14] These organisms contaminate food due to poor practices at

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[11] For example, paying a vet in the Central Texas area to implant a microchip in a horse costs between $60 and $80, based on a phone survey. For the external tags, an applicator is needed and the tag is supposed to be placed in a precise ¼ area of the ear.. *See* Michigan University Extension, Bulletin E–2967 (July 2006).

[12] A presentation by Kansas State University researchers conducting a cost-benefit analysis of NAIS under a grant from USDA, included the following "cost categories" for implementation of NAIS for cattle: RFID tags, RFID technology, labor (associated with each category), shrink, animal injury, human injury, depreciation, and opportunity costs.

[13] Australian Beef Association, Submission to the Queensland Government Relating to the National Livestock Identification System Regulatory Impact Study (2005).

[14] *See* Centers for Disease Control and Prevention, *http://www.cdc.gov/ncidod/dbmd/diseaseinfo/foodborneinfections_g.htm 1Bmostcommon (website last checked May 8, 2006). Campylobacter, salmonella, and e. coli are all found in the intestines of animals, so that contamination occurs during the slaughter process. The Norwalk viruses are believed to spread primarily from one infected person to another, through handling of food by infected kitchen workers or fishermen.*

slaughterhouses or in food handling.[15] The NAIS will not prevent these problems from occurring. Moreover, because the tracking will end at the time of slaughter, the NAIS will not improve the government's ability to trace contaminated meats once they leave the slaughterhouse and enter the food chain.

In fact, the NAIS will actually reduce food safety. Economies of scale and the provisions for group identification under NAIS will translate to advantages for factory confinement farms. The use of antibiotics in these farms has raised significant health concerns, while significant environmental issues have been linked to the confinement operations' animal management practices. Meanwhile, small farmers who sell their products locally, creating a diversified and totally traceable food supply, will be driven out of agriculture by the costs of NAIS.

Although it is not a widespread problem, the issue of BSE or Mad Cow Disease is of great concern to many Americans. The most effective protection against the human health threat from BSE would be a system of testing every slaughtered cow that enters the food supply, as is currently done in Japan. [16] England and the European Union also test significantly more cattle than does the USDA, which tests only about 1/10 of 1% of our slaughtered cattle.[17] The USDA has justified this low testing rate on the grounds that it estimates that there are only 4 to 7 cows in the entire country that have BSE. Yet the USDA apparently sees no contradiction in pushing for the electronic tagging and tracking of 100 million cows, a process that will not actually detect those few sick ones or prevent them from entering the food supply.

NAIS will do nothing to increase the safety of the American food supply, although it will almost certainly raise the cost of food.

III. NAIS will not improve animal health.

It is critical to recognize that animal diseases, in both wild and domesticated animals, have been part of human existence for thousands of years. The excuse of disease cannot justify every intrusion into citizens' privacy and burdens on their property rights. **But we are not even faced with a true choice between safety and freedom, because the NAIS will not provide any true protection against disease.**

The sole goal of the NAIS is to provide 48-hour traceback of all animal movements. According to the proponents, every animal must be part of the system. Yet the government has not provided any studies or models showing why 48 hours is a magic number nor why 100% of animals must be included. The Farm and Ranch Freedom Alliance submitted requests under the Freedom of Information Act (FOIA) in November 2006 and December 2007, asking for the studies, risk analysis, and other scientific documents used to develop NAIS. USDA has acknowledged receipt of both requests and has provided no objection under FOIA, yet it still has not produced a single study.

Basic scientific principles and practical experience both establish that the susceptibility of animals to disease and the likelihood of transmission differ greatly de-

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[15] *See* Centers for Disease Control and Prevention, *http://www.cdc.gov/ncidod/dbmd/diseaseinfo/foodborneinfections_g.htm 1Bmostcommon (website last checked May 8, 2006). "Meat and poultry carcasses can become contaminated during slaughter by contact with small amounts of intestinal contents. Similarly, fresh fruits and vegetables can be contaminated if they are washed or irrigated with water that is contaminated with animal manure or human sewage. . . . Later in food processing, other foodborne microbes can be introduced from infected humans who handle the food, or by cross contamination from some other raw agricultural product."*

[16] *See* Congressional Record—House at H4270 (June 8, 2005) (comments of Congressman Kucinich); *See also* Final Report, Japan-United States Working Group, Section 1(1)(iii) (Japan's BSE Measures) (July 22, 2004) ("Based on Article 14 of the Abbatoirs Law, only animals that pass ante-mortem and post-mortem inspections are approved for slaughter and dressing for use as edible meat. . . . cattle of 0 months or older (all ages) are subjected to BSE testing during this post-mortem inspection.").

[17] The U.S. tested a little over 176,000 cows for BSE in 2004 and tested fewer than 700,000 cows *total* between June 2004 and March 2006, a period of almost two years. *See* News Release, Statement by USDA Chief Veterinary Officer John Clifford (DVM) Regarding Positive BSE Test Results (Mar. 13, 2006). Between 32 and 35 million cattle are slaughtered each year in the U.S., so the USDA has been testing approximately 1% for BSE. *See* USDA, Livestock Slaughter 2003 Summary (35.5 million cattle); Livestock Slaughter 2004 Summary (32.7 million cattle); 2005 Summary (32.4 million cattle). In contrast, the European Union countries tested more than 8 ½ **million** cows just in 2003, and tested over 6 million in just the first 9 months of 2004. *See* U.K. Food Standards Agency, Results of BSE testing in the EU, *http://www.food.gov.uk/bse/facts/cattletest*; Results of BSE testing in EU in 2004, *http://www.food.gov.uk/bse/facts/cattletest2004.* In 2006, the USDA announced that it was reducing testing by 90%.

pending on the species of animal, the exact disease, and the conditions under which the animals are kept.[18]

Non-commercial operations are not immune from disease, but they do not pose the same risks as the commercial facilities. Using poultry as an example, in the 2004 outbreak of avian flu in Texas, the disease was found in a 6,600 bird flock in commercial poultry operation; but despite testing more than 350 nearby non-commercial flocks, no infected birds were found in non-commercial flocks.[19] In the 2002 outbreak of avian influenza in Virginia, "farm equipment, vehicles and personnel" that moved among commercial facilities caused transmission of the virus.[20] An NGO report indicates that the spread of avian flu, including the greatly-feared H5N1 virus, is due to the conditions in confinement poultry operations.[21] As noted in that report, a USDA report found that, out of 45 outbreaks of avian flu in the country of Laos, 42 of the outbreaks occurred in commercial operations.[22]

Despite the clear, scientifically documented differences between production systems and non-industrialized holding of livestock, NAIS treats all owners alike. Under NAIS, a small-scale livestock owner with 10 chickens free-ranging is considered as much of a threat to animal health as a commercial operation with 10,000 chickens living in a crowded building. The farmer raising sheep or cattle on healthy pastures is treated the same as the feedlot with hundreds of animals crowded into small pens. Indeed, the small-scale producers face even heavier burdens than the large commercial operations because of economies of scale and the way the USDA has defined group lot numbers. **This program is precisely the opposite of what is needed to prevent and control disease.**

NAIS may also increase the spread of livestock diseases by creating a new black market. If the NAIS is implemented on a mandatory basis, or creates restrictions on people's right to buy, sell, or use their animals, it is inevitable that some people will decide not to comply. Since they will be acting illegally, they will be far less likely to seek a veterinarian's help should a disease problem arise. To understand the potential problem, one has only to look at the outbreak of Exotic Newcastle Disease that occurred in Los Angeles in 2002, a situation that pro-NAIS supporters have repeatedly referenced.[23] The Exotic Newcastle Disease outbreak was started and spread by cockfighting flocks.[24] Cockfighting is illegal in California and the roosters were smuggled in from Mexico.[25] Thus, the NAIS will actually create conditions that increase the probability of disease outbreaks by undermining the first line of defense: the actions of private individuals and their veterinarians in quickly diagnosing and containing diseases.

There are far more effective ways to address animal diseases than an electronic identification and tracking system. The USDA and the equivalent state agencies have extensive programs in place to monitor, track, and contain disease. These existing programs were analyzed in the Government Accountability Office's (GAO's)

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[18] The health problems caused by confinement or industrial management systems have been well documented in the scientific literature. *See, e.g.,* Cravener, T.L., W.B. Roush, and M.M Mashaly, *Broiler Production Under Varying Population Densities,* POULT. SCI. 71(3):427–33 (1992); M.R. Baxter, *The Welfare Problems of Laying Hens in Battery Cages,* VET. REC. 134(24):614–19 (1994); D. Herenda and O. Jakel, *Poultry Abbatoir Survey of Carcass Condemnation for Standard, Vegetarian, and Free Range Chickens,* CAN. VET. J. 35(5):293–6 (1994); T.G. Nagaraja and M.M. Chengappa, *Liver Abscesses in Feedlot Cattle: A Review,* J. ANIM. SCI. 76(1):287–98 (1998); T.G. Nagaraja, M.L. Galyean, and N.A. Cole, *Nutrition and Disease,* VET. CLIN. N. AM. FOOD ANIM. PRAC. 14(2):257–77 (1998); D.H. Tokarnia, J. Dobereiner, P.V. Peixoto, and S.S. Moraes, *Outbreak of Copper Poisoning in Cattle Fed Poultry Litter,* VET. HUM. TOXICOL. 42(2):92–5 (2000)

[19] News Release, Texas Animal Health Commission (Apr. 1, 2004).

[20] E–Digest Volume 2, Number 11, *Issues Faced in the 2002 VA AI Outbreak;* paper presented by Dr. Bill Pierson, at the 2002 Poultry Health Conference sponsored by the Ontario Poultry Industry Council.

[21] Genetic Resources Action International ("GRAIN"), Fowl Play: The Poultry Industry's Central Role in the Bird Flu Crisis (Feb. 2006) (hereinafter "GRAIN Report").

[22] GRAIN Report (quoting USDA, *Laos: Poultry and Products__Avian Influenza,* GAIN Report, U.S. Department of Agriculture (Mar. 16, 2005)).

[23] *See, e.g.,* News Release, Texas Animal Health Commission (Feb. 28, 2006).

[24] R. Scott Nolen, *Exotic Newcastle Disease Strikes Game Birds in California,* JOURNAL OF THE AMERICAN VETERINARY MEDICAL ASSOCIATION NEWS (Nov. 15, 2002)

[25] *See* News Release, Texas Animal Health Commission (Jan. 1, 2003) ("END likely was initially introduced into Southern California through illegal importation of infected birds."); Congressman Elton Gallegly, Smuggling Cockfighting Roosters a Conduit to Bird Flu, SANTA BARBARA NEWS–PRESS (Dec. 11, 2005).

report on the efforts to protect agriculture from a terrorist attack.[26] As acknowledged in that report, the government's ability to respond to an intentional introduction of livestock disease reflects its ability to respond to natural outbreaks.[27]

The GAO identified multiple deficiencies in the government programs: many veterinarians lack the training needed to recognize the signs of foreign animal diseases; USDA does not use rapid diagnostic tools to test animals at the site of an outbreak; vaccines cannot be deployed within 24 hours of an outbreak; and current USDA policy requires a complex process for deciding if and when to use vaccines, a process that could be too lengthy during an outbreak.[28] The report listed additional "management problems": a decline in agricultural inspections at ports of entry, which are the first line of defense against the entry of foreign diseases; weaknesses in the flow of critical information among stakeholders; insufficient technical assistance to states for developing emergency response plans; shortcomings in coordinating working groups and research efforts; and lack of integration of agencies' databases.[29] **Notably, the GAO did *not* identify any deficiencies in current mechanisms for tracking animals, or recommend that resources be allocated to create a program such as NAIS.**

Instead of addressing prevention, diagnosis, and treatment of disease, the USDA has spent over $130 million of taxpayer dollars to develop an electronic tracking system[30] and seeks to impose this unnecessary and ineffective system on every person who owns livestock.

IV. NAIS will not protect against bioterrorism.

The USDA's claim that the NAIS will protect against bioterrorism is equally flawed. In 2005, the Government Accountability Office (GAO) reported on the efforts to protect agriculture from a terrorist attack.[31] The GAO identified multiple deficiencies in the government programs: many veterinarians lack the training needed to recognize the signs of foreign animal diseases; USDA does not use rapid diagnostic tools to test animals at the site of an outbreak; vaccines cannot be deployed within 24 hours of an outbreak; and current USDA policy requires a complex process for deciding if and when to use vaccines instead of slaughtering animals, a process that could be too lengthy during an outbreak; and the number of inspections of agricultural imports has actually decreased since 2001.[32] Notably, the GAO did ***not*** identify any deficiencies in current mechanisms for tracking animals, or recommend that resources be allocated to create a program such as the NAIS.

While the GAO report did not identify NAIS as important in controlling animal disease, the report highlighted what may happen after the government traces animals back. Current USDA policy calls for "depopulation." Stripping away the euphemisms, this means that the government will kill all susceptible animals, domestic and wild, within a 10 kilometer radius of wherever the infected animal has been. 1A[33] Healthy animals will be killed, whether or not the disease is fatal to animals or transmissible to humans. If the disease spreads beyond the initial quarantine zone, the government will continue to expand the kill zones.[34] This policy is wasteful, will drive many small farmers out of business, and increases the risk of terrorism by creating an unnecessarily high–profile target.

All of these issues make the U.S. vulnerable to bio-terrorism, and none will be addressed by the NAIS. In fact, as noted by the GAO report, **the concentration of our food supply makes it vulnerable to attack** "because diseases could spread rapidly and be very difficult to contain. For example, between 80 and 90 percent of grain-fed beef cattle production is concentrated in less than 5 percent of the

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[26] United States Government Accountability Office, GAO–05–214, Homeland Security: Much is being done to protect agriculture from a terrorist attack, but important challenges remain (Mar. 2005) (hereinafter "GAO Report on Agriculture").

[27] The GAO Report on Agriculture repeatedly refers to the government's response to outbreaks, "whether natural or intentional." *See, e.g.,* GAO Report at p.26. The Report's conclusion explicitly states: "By overcoming these challenges, the United States will be in a better position to protect against and respond to a disease outbreak, whether natural or intentional." *Id.* at p.56.

[28] GAO Report on Agriculture at p.6–7.

[29] GAO Report on Agriculture at p.7–9.

[30] Steve Stecklow, U.S. Falls Behind In Tracking Cattle To Control Disease, Wall Street Journal (June 21, 2006).

[31] United States Government Accountability Office, GAO–05–214, Homeland Security: Much is being done to protect agriculture from a terrorist attack, but important challenges remain (Mar. 2005) (hereinafter "GAO Report on Agriculture").

[32] GAO Report on Agriculture at p.6–7.

[33] GAO Report on Agriculture at p.13 n.12 & p. 31.

[34] GAO Report on Agriculture at p.31.

nation's feedlots."[35] The NAIS was developed by and for large producers, and will only lead to increased corporate control and consolidation of our nation's food, as small producers are driven out. This in turn increases our vulnerability.

V. NAIS is not justifiable as a market program.

The USDA has also stated that the animal identification program is necessary to help the export market.[36] This rationale obviously applies only to food animals, not most American horses, nor our parakeets, parrots, llamas or alpacas, all of which are included in various states' NAIS plans.

With respect to food animals, the issue of the export market could easily be addressed by a voluntary program, supported by the affected meat exporters. Such a program would allow the market to determine how valuable it is to track animals from birth to death. Any farmer that wishes to export animals or food to other countries could enroll in the program. In turn, exporters could refuse to buy from anyone who was not also enrolled in the tracking program. Interestingly, the U.S. imports significantly more beef than it exports,[37] raising a question as to the true value of the export market to the economy as a whole.

From the perspective of the domestic market, this program could simultaneously be used to create a label that might then demand a premium from concerned consumers, similar to the organic certification program.

Although the USDA has claimed that the program is currently "voluntary" and "market driven," the facts do not support this. USDA has spent over $130 million to develop this program, and requested another $33 million this year. It has provided over $45 million in grants to the states and tribes between 2004 and 2008 and over $5 million to industry organizations in 2007–08.[38] Several states, at USDA's urging, have either adopted or proposed mandatory portions of the program. This is not a market-driven program.

Neither the export market nor the domestic market requires a mandatory program that includes every single livestock animal in the country. The free market should be allowed to function.

VI. NAIS has significant technological problems.

Although the USDA has claimed that NAIS is "technology neutral," the USDA's documents specify that RFID tags will be the means for identifying cattle and the Equine Species Working Group has similarly specified that microchips will be the default means for identifying horses.[39] RFID technology, like any electronic device, is subject to problems that do not exist with traditional identification methods such as branding or tattoos. Depending on the security of the technology used, one can clone microchips, infect them with viruses, or reprogram them.[40] The specific type of microchip recommended by the Cattle and Equine Species Working Groups, the ISO 11784/11785 chip, is particularly vulnerable to reprogramming because it is based on a "recipe" that any manufacturer can follow.[41] That recipe produces chips that can be programmed in the field before they are applied to the animals, or even reprogrammed after they are in the animal.[42] It is impossible to reliably trace an animal if someone can change its identity at any time.

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[35] GAO Report on Agriculture at p.1.

[36] *See* Transcript of Secretary Mike Johnns Remarks to the National Cattlemen's Beef Association Annual Meeting__Denver, Colorado (Feb. 3, 2006), *http://www.usda.gov/wps/portal* (Home/Newsroom/Transcripts and Speeches) Release No. 0060.06.

[37] *http://www.ers.usda.gov/data/meattrade/BeefVealYearly.htm*

[38] *http://www.usaspending.gov/*

[39] Draft Program Standards at p.20; Equine Species Working Group Recommendations to USDA, Recommendation ±13 (May 24, 2005). *See also http://www.horsecouncil.org/equine%20id%20website/AHC%20ESWG%20Microchip%20Paper%209.23.05.htm*

[40] *See* Annalee Newitz, *The RFID hacking underground,* Wired, *www.wired.com/wired/archive/14.05/rfid__pr.html*; John Markoff, *Study says chips in ID Tags are vulnerable to viruses,* New York Times (Mar. 15, 2006); In a university study in the Netherlads, a group of scientists showed that it was possible to create a self-replicating RFID virus. Rieback, M.R., B. Crispo and A. Tanenbaum, Is your cat infected with a computer virus?, Vrije Universiteit Amsterdam, Computer Systems Group.

[41] *See* Draft Program Standards at p.20; Equine Species Working Groups Recommendation, Recommendation ±13 (May 24, 2005))

[42] For example, an ad in a Swedish newspaper stated: "We offer a new chip service. We will change the ID number of the 'Kennel club' type chip according to your wishes. Inexpensive. Easy. Fast. Total discretion. Also sale of ISO programming units." Sveriges Storsta Morgontidning (Feb. 18, 1998). In 1998, ISO received a formal petition calling for revisions or suspension of the standards, and identifying multiple flaws in the ISO 11784/85 standard, including the lack of unique ID codes. *See* letter from Gosstandrat of Russia, Committee of Russian Federation for Standardization, Metrology and Certification, to Rudolf Zens, Secrteary, SC

Continued

Significantly, the ISO 11784/85 chip is *not* the type of microchip that has been generally used in horses, dogs, or cats in the United States for private purposes, and it emits on a different frequency, 134.2 kHz, rather than standard 125 KHz. Thus, most of the scanners and microchip readers in the U.S. today will not read or even detect these ISO chips. Every animal handling facility will have to buy expensive new scanners in order to comply with the USDA- and ESWG-recommended technology.

The problems with the microchips and readers are only the beginning. The USDA has set out its vision of multiple public and private databases, capturing all of the reportable "events" for every animal in the system, with the USDA creating a metadata portal to use for its purposes.[43] The technological aspects of setting up such huge databases are daunting. Along with the technological requirements, there will be literally hundreds of millions of opportunities for human error in this system. Moreover, integrating databases is far from a simple task. Indeed, despite the emphasis on inter-agency cooperation since 9/11, the GAO's 2005 report on agriculture and terrorism noted that the federal government still had not integrated its own databases.[44]

The technology companies that make microchips, software, and manage databases could make billions of dollars under NAIS. Yet, there is no evidence that they could deliver reliable 48-hour traceback of unique animal identification.

VII. NAIS will impact the entire economy, for the benefit of a handful of corporations.

The ultimate cost of the NAIS goes beyond the billions in direct costs discussed above. Some people who currently own animals will choose to sell or slaughter their animals rather than submit to such an intrusive government program or to violate their religious beliefs. Many other animal owners will be forced to sell because of the expensive and time-consuming requirements. The USDA estimates that there are approximately 1.4 million premises with livestock in the US. While this number is daunting enough, it significantly underestimates the true numbers of people who will be affected. USDA's estimate is based on who responded to the 2002 Agriculture Census, which excludes millions of horse owners, homesteaders, and those who keep livestock as pets. In fact, Massachusetts reports that it has already registered twice as many properties as had been reported under the census! And even the USDA census reflects the fact that the majority of animal owners are small farms and ranches, not large commercial operations that can pass on the costs of the program.

If a significant portion of livestock owners dispose of their animals, or simply let their flocks and herds dwindle because of cost and labor under NAIS, there will be wide-reaching effects throughout the economy. Businesses that sell feed and supplies to small producers may go out of business. Local feed mills may also close. Real estate prices could be depressed even more as large numbers of rural land parcels are put up for sale.

While many people will suffer severe economic burdens under the NAIS, the large agri-business and technology companies will profit from the increased export of food products and massive demand for microchips, software, and databases. These companies played a key role in developing the NAIS. For example, executives for large technology companies such as Global Vet Link sit on the board of directors of the NIAA, the trade group that established the working groups in 2002. Other entities who are proponents of NAIS will benefit from managing the databases, such as the associations (i.e. NCBA and American Farm Bureau) that have joined together to form the United States Animal Identification Organization (USAIO) to manage the "industry-led animal movement database."[45]

VIII. NAIS will burden citizens' property rights and civil liberties.

If the state implements the program on a mandatory basis or using coercive methods, the NAIS imposes heavy burdens on people's freedoms and rights, raising multiple Constitutional issues.

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19 (Mar. 2, 1998) at *http://www.rfidnews.com/images/3–2–98.gif*. See also The Controversial ISO 11784/85 Standard, ISO 11784/85: A Short Discussion, at *www.rfidnews.com/iso__11784short.html*. ISO 11784/85 "Standard" with Blemish: A discussion of the ISO standard for RFID: its provenance, feasibility and limitations at *www.rfidnews.com/iso__11784.html* (website last checked July 1, 2006).

[43] USDA, Integration of Private and State Animal Tracking Databases with the NAIS (released Apr. 6, 2006).

[44] GAO Report on Agriculture at p.7–9.

[45] Animal Identification, Government Affairs Center, National Cattlemen's Beef Ass'n (Apr. 3, 2006) at *http://hill.beef.org/newview.asp?DocumentID=15053*.

The NAIS will establish a huge, permanent database of citizens' real property (the homes and farms where animals are kept) and personal property (the animals themselves), and potentially make it criminal to own those animals without registration of farms and animals. Individuals will be required to report each animal's movements, every sale, and every slaughter. **Since animals do not move themselves, this means reporting the individuals' own movements.** Ownership of livestock is a traditional activity that has been practiced throughout history without government surveillance. There is no more justification for imposing reporting requirements on animal owners than on the owners of any other common property, such as tools. Moreover, this plan will heavily burden individuals' ability to raise food for themselves and their families. The NAIS will therefore burden people's Fifth and Fourteenth Amendment rights.

Further, having collected information on people's private homes and property, the NAIS fails to protect this information. If the information is held by the government, individuals face massive intrusion into their lives and, potentially, the use of the information for taxing and other purposes. If the information is held by private companies, individuals will be vulnerable to competitive misuse of their information or sale of their information, a serious problem that has already occurred in many other areas.

The NAIS also poses First Amendment problems. Some groups, such as the Amish or Mennonites, have well-known religious objections to registrations and technological devices. Other groups also believe that they are prohibited from participating in this program due to scriptural prohibitions.

The proposed system may also violate the Fourth Amendment's protections against unreasonable searches and seizures, the equal protection clause, and constitutional restrictions on the taking of property.

Conclusion

Most of the people who will be impacted by NAIS are still unaware of it. When voters who own livestock, horses, and poultry find out the burdensome nature of the program, they will wonder why Congress created it, or allowed the USDA to implement it without clear statutory authority. We urge you to support your voters' interests by halting the NAIS.

NAIS is an intrusive, burdensome program that will not provide any real protection against animal disease or bioterrorism. The program is not justifiable on either philosophical grounds or a cost-benefit analysis. To the extent that tracking is a benefit to the market, it should be a voluntary, market-driven program paid for by the participants.

Sincerely,

JUDITH MCGEARY, ESQ.
Executive Director
Farm and Ranch Freedom Alliance
8308 Sassman Rd
Austin, Texas 78747
Phone: [REDACTED]
Toll-free: [REDACTED]
[REDACTED]
www.farmandranchfreedom.org

SUBMITTED LETTER FROM FARM AND RANCH FREEDOM ALLIANCE, TEXAS LANDOWNERS COUNCIL, AND THE NATIONAL FAMILY FARM COALITION

ATTACHMENT

March 9, 2009

Dear Senators:

The undersigned organizations request that you remove funding for the National Animal Identification System (NAIS) from the 2009 Omnibus Appropriations bill. Contrary to its stated purposes, NAIS will not address animal disease or food safety problems. Instead, NAIS imposes high costs and paperwork burdens on family farmers and creates incentives for CAFOs and vertically integrated systems. This burdensome, ill-conceived, and badly implemented program should not receive the $14.5 million of funding that has been included in the Omnibus Appropriations bill.

Background:

The USDA's plans for NAIS describe a far-reaching three-step program that calls for every person who owns even one livestock or poultry animal to register their property, tag each animal when it leaves the property it was born on, and report a long list of movements to a database within 24 hours. The listed species include chickens, horses, cows, sheep, goats, pigs, llamas, alpacas, elk, deer, bison, turkeys, and more. The provisions would apply to every person with even one of these animals, whether or not it is used for commercial purposes, and would directly impact millions of people who own these animals. Group or lot identification would only be allowed where animals are managed as a group from birth to death and never commingled with animals outside of their production system. In practice, group identification would apply mainly, if not entirely, to confined animal feeding operations (CAFOs) and vertically integrated operations.

The USDA issued the first guidance documents for NAIS in 2005, and included plans to make the program mandatory by 2009. After a public outcry, the agency stated that NAIS was "voluntary at the federal level," but it continued to fund mandatory state-level implementation of NAIS. The agency also supported the states' use of coercive measures, such as requiring NAIS premises registration for participation in 4-H events or disaster relief.

The latest step taken by USDA is the issuance of a proposed rule that would mandate NAIS premises registration as the sole form of property ID for disease control programs. The proposed rule also lays the groundwork, through definitions, for the next step of mandating animal identification.

There is widespread opposition to NAIS across the country. Four states have passed laws that prohibit their state agencies from implementing a mandatory program: Arizona, Kentucky, Missouri, and Nebraska. Over a dozen bills have been introduced in other states since 2007 to either bar NAIS completely or to limit it to a voluntary, non-coercive program. States that have considered or are currently considering such bills include: Arkansas, Colorado, Illinois, Indiana, Louisiana, Massachusetts, Oklahoma, South Dakota, Tennessee, Texas, Virginia, Washington, And Wyoming. USDA has ignored the serious concerns states have over the costs and effectiveness of NAIS and continued to push forward with the NAIS program.

Our Concerns:

The NAIS is fundamentally flawed for multiple reasons:

1) No analysis or quantification of the alleged benefits. The USDA has made unsupported assertions that our country needs 48-hour traceback of all animal movements for disease control. Yet the USDA has failed to provide any scientific basis, including such things as risk analysis or a scientific review of existing programs, to support this claim. The USDA has also asserted that NAIS would provide 48-hour

traceback, but has failed to address the many technological and practical barriers. The experience in Australia, which has implemented electronic tracking of cattle and which has seen an exploding bureaucracy and millions of unaccounted animals, shows that the program will not accomplish what is claimed. The existing disease control programs, combined with measures such as brand registries and normal private record-keeping, have provided cost-effective traceback. A new and costly program such as NAIS is unnecessary and potentially counterproductive.

2) No analysis or quantification of the costs. In 2007, USDA provided a grant to Kansas State University to conduct a cost-benefit analysis. Yet, as of March 2009, the agency has yet to produce any cost-benefit analysis. The NAIS program would involve extensive costs, including:

    a. Premises registration database & updates;
    b. Tags, mostly electronic, and related equipment, such as readers, computers, and software;
    c. 24-hour reporting requirements, imposing extensive paperwork burdens;
    d. Out of pocket expenses, labor, stress on animals;
    e. Qualitative costs – religious freedoms, privacy, loss of trust in government.

    As shown in some earlier work done by Kansas State University, the costs are significantly higher for people with smaller herds. With approximately 96 million cattle, 9 million horses, 9 million sheep and goats, and millions more poultry, pigs, llamas, alpacas, and other animals that will be individually tagged and tracked, NAIS will cost animal owners and taxpayers billions of dollars.

3) Unfair burdens placed on family farms and sustainable livestock operations: In addition to the costs, the NAIS would impose significant reporting and paperwork burdens on small farms. In addition, sustainable livestock operations, which manage animals on pasture, would face higher rates of tag losses than confinement operations due to animals getting their tags caught on brush or fences. NAIS essentially creates incentives for CAFOs, with the accompanying social and environmental concerns.

4) NAIS rewards vertical integration and consolidation: The USDA's guidance documents provide that "animals that typically move through the production chain as a group of animals of the same species can be identified by Group/Lot Identification Numbers (GINs), rather than individual numbers. This practice is most common in the poultry and pork industries. However, group/lot identification may be an option for other species when they move through the production chain as a group." In practice, this means that companies who maintain ownership of the animals throughout their lives – as is done in vertically integrated confinement operations – will be relieved of most of the costs and paperwork burdens of NAIS.

5) Loss of trust in the government. The proposed rule is the latest in a series of ambiguous and confusing documents. Under the proposed rule, it appears that tattoos and brands will still be allowed, but the language is confusing and unclear. This will increase the costs, both quantifiable (such as the costs to agencies of education and enforcement under the proposed rule) and qualitative (such as the loss of trust in agencies by animal owners). For more than two years, USDA has misled farmers by claiming that NAIS is a "voluntary" program while funding cooperative agreements with states to implement NAIS using coercive and deceptive tactics (e.g.,. data mining and denying disaster relief to those not enrolled in NAIS).

6) A disincentive for individuals to be involved in farming or animal husbandry of any kind. The costs and government intrusions that would result from NAIS will cause many to leave farming or to choose not to enter the profession. With an acknowledged crisis of an aging farming population, the long-term costs imposed by creating disincentives for people to enter or remain in farming could be extremely damaging to our ability to raise food in this country and to rural economies.

7) No food safety benefits. NAIS will not prevent foodborne illnesses, such as E. coli or salmonella contamination, because the tracking ends at the time of slaughter. Food safety is better served by focusing on programs such as increased testing for bovine spongiform encephalopathy (BSE or Mad Cow), improved oversight of slaughterhouses and food processing facilities, and increased inspections of imported foods. Programs such as NAIS that burden small, sustainable farmers will hurt efforts to develop safer, decentralized local food systems

8) Ethical concerns: The USDA's working groups were initially drawn from the working groups established by the National Institute for Animal Agriculture (NIAA). The NIAA is an industry trade organization, and the members of the working groups included many companies who stood to profit directly from the implementation of NAIS, such as tag manufacturers and database management companies. These conflicts of interest have never been addressed. Additionally, the plan calls for privatized databases, leaving farmers and ranchers vulnerable to the misuse of their confidential information. Moreover, the USDA has allowed for little-to-no involvement of average animal owners who will be directly impacted by NAIS.

9) USDA has spent too much time and money already, with no results. USDA established working groups in 2002, and has spent over $130 million since 2004. Yet the agency still failed to produce a workable plan. In these tough economic times, we cannot afford to spend good money after bad.

10) Alternatives: Using the USDA's resources on alternative approaches would provide significantly greater benefits for both animal health and food safety. Measures such as increased inspections of imports and more rigorous enforcement of regulations on slaughterhouses are clear areas for improvement. Domestically, focusing on high-risk areas such as CAFOs would be consistent with both good science and good economics.

For these reasons, we strongly urge you to remove funding for NAIS from the 2009 Omnibus Appropriations bill. We thank you for your consideration.

Sincerely,

Adopt a Farm Family
American Grassfed Association
American Raw Milk Producers Pricing Association
Arkansas Animal Producers Association
Ashtabula Lake Geauga Counties Farmers Union (OH)
California Farmers Union
Carriage Operators of North America
Cattlemen's Texas Longhorn Registry
Colorado Independent Cattlegrowers Association
Community Farm Alliance
The Cornucopia Institute
Dakota Rural Action
Davis Mountain Trans Pecos Heritage Association (TX)
Downsize DC
Empire State Family Farm Alliance (NY)
Fair Food Matters (MI)
Family Farm Defenders
Farm and Ranch Freedom Alliance
Farm-to-Consumer Legal Defense Fund
Food for Maine's Future

Freedom 21
Innovative Farmers of Ohio
International Texas Longhorn Association
Local Harvest
Maine Organic Farmers and Gardeners Association
Massachusetts Smallholders Alliance
Mesa County Cattlemen's Association (CO)
Michigan Farmers Union
Michigan Land Trustees
Missouri Citizens for Private Property Rights
Missouri Farmers Union
Missouri Rural Crisis Center
Montana Cattlemen's Association
Montana Farmers Union
National Association of Farm Animal Welfare
National Family Farm Coalition
Northeast Organic Farming Association - Massachusetts
Northern Illinois Draft Horse and Mule Association
Northern New Mexico Stockman's Association
Northern Plains Resource Council
Ohio Farmers Union
Organic Consumers Association
Ozarks Property Rights Congress (MO)
PFUSA Grange #835 (CA)
Powder River Basin Resource Council (WY)
Progressive Agriculture Organization
Property Rights Congress
R-CALF USA
Regional Farm and Food Project (NY)
Rural Vermont
South Dakota Stockgrowers Association
Sovereignty International
Sustainable Food Center (TX)
Texas Eagle Forum
Texas Landowners Council
Tuscaloosa Property Rights Alliance (AL)
US Boer Goat Association
Virginia Land Rights Coalition
Western Organization of Resource Councils
Weston A Price Foundation

[REDACTED]

SUBMITTED STATEMENT OF THE NATIONAL FAMILY FARM COALITION

We welcome the opportunity to submit this statement to the Subcommittee as you review the National Animal Identification System (NAIS). The National Family Farm Coalition represents family farmer and rural advocacy organizations in 30 states. We strongly urge USDA to reconsider the NAIS program in light of the significant failures to date in implementing NAIS and its large cost burdens to farmers and ranchers already struggling with the current economic crisis.

USDA first issued a "Draft Strategic Plan" on NAIS in 2005 that called for mandatory animal identification and reporting of animal transport by 2009. An outcry from farmers and ranchers across the country over the far-reaching impacts of this program has delayed implementation, with USDA claiming the program was "voluntary" while funding State Cooperative Agreements and using other coercive tactics, such as directing veterinarians to enroll customers in NAIS. The latest action by USDA is a proposed rule issued in January 2009 that mandates the NAIS Premises Identification Number (PIN) as the only means of identifying properties for USDA animal health programs. The proposed rule also mandates the use of NAIS for ear tags using official animal identification numbers (AIN). The proposed rule affects cattle, bison, sheep, goats and swine directly. The National Family Farm Coalition objects to USDA's continued attempts to force this program on producers and

believes a mandatory NAIS system will not address animal disease but will further burden farmers and ranchers financially, posing a severe threat to farmers' livelihoods..

Current Animal Disease Programs Effective

NFFC believes current disease programs for tuberculosis, brucellosis, Johne 's disease and scrapie have proven effective and financially practicable for farmers. Such programs currently allow for low-cost metal tags and/or tattoos not tied to the NAIS Animal Identification Number (AIN). Existing animal disease programs have done an excellent job in almost eliminating brucellosis and drastically reducing incidents of TB. Traceback capability in the event of disease outbreaks is available through current branding, ear tag and tattooing programs. NFFC fails to understand why an expensive, untested, complicated new bureaucracy is necessary to address animal disease outbreaks. Free trade agreements have also allowed livestock in from countries that do face animal disease problems, such as TB in Mexico and BSE from Canada, which NAIS does not address. U.S. efforts to control animal disease should focus on disease *prevention* instead of investing valuable resources in disease *management*.

Costs to Family Farmers

Most disturbing to family farmers is USDA's refusal to release cost-benefit analyses of the NAIS program, in marked contrast to the numbers developed by USDA during the debate over country-of-origin labeling. By requiring all AIN ear tags to conform to the 840 prefix, USDA is inevitably allowing for the requirement of expensive RFID tags as the only ear tag technology permitted in animal disease programs. This places high financial costs on farmers who must pay for the tags, technology readers and software necessary to comply with the NAIS program. A Kansas State University analysis presented an average cost of $15.90 per cow for producers with fewer than 100 head of cattle. Producers with more than 400 cows would face a cost of $6.14 per head. The United States has lost thousands of farmers and ranchers since 1960 due to low prices and industry consolidation. NAIS will only fuel this unfortunate trend and make it virtually impossible for small and mid-size farms to compete and survive. Furthermore, producers raising grass-fed beef or sustainably raised hogs and other livestock will find the costs of NAIS prohibitive. NAIS is an unfair tax on America's producers. USDA has failed to provide any evidence that the program will be cost-effective and has instead spent over $130 million on the program with very little to show for it, other than intense producer opposition.

Additionally, the recent proposed rule by USDA explicitly overrides state and local laws. Four states have passed anti-NAIS legislation: Missouri, Kentucky, Arizona and Nebraska. More than a dozen other states are considering such legislation. Missouri state law explicitly prohibits the mandatory enrollment of producers into NAIS without approval by the state legislature. Such widespread opposition from diverse states shows why USDA needs to reconsider whether NAIS is truly the most effective way to address animal disease concerns. Nonetheless, USDA has continually ignored the views of states and pushed onward with implementation.

Unfair Advantages to Industrial Operations

A further advantage under NAIS is granted to confined animal feeding operations (CAFOs): they may use "Group Lot" numbers for thousands of animals since they do not co-mingle with other species. This gives an unprecedented advantage to CAFOs over diversified farmers and those who do not raise animals in confinement. Many studies indicate that diseases are far more prevalent among animals raised in CAFOs and that E. coli contamination can be traced mainly to industrial livestock operations. It makes no economic sense to assign large livestock operations group/lot identification numbers (GINs) while separate AINs are required for diversified, smaller producers.

NFFC Summary of NAIS Program

USDA has not provided adequate evidence to show how "standardization" and "uniformity" are needed to improve current systems that have worked to date. NAIS is an unprecedented bureaucratic undertaking that has proved unsuccessful in several countries, including Australia; tag loss rates and inaccurate producer database accounts have severely impacted their livestock industry. America's family farmers deserve a more honest appraisal of the NAIS program and the expensive threat it poses to farmers struggling in the current economic climate.

We appreciate the opportunity to submit testimony and urge USDA to allow for more producer input into the best means to address animal disease and the flawed premises of NAIS. Attached is a letter signed by 60 diverse organizations opposing

the continued appropriations for USDA's NAIS program that was included in the recent Omnibus Appropriations bill.

SUBMITTED MATERIAL SUBMITTED BY KEVIN KIRK, SPECIAL ASSISTANT TO THE DIVISION DIRECTOR, MICHIGAN DEPARTMENT OF AGRICULTURE, ANIMAL INDUSTRY DIVISION

MICHIGAN DEPARTMENT OF AGRICULTURE
ANIMAL INDUSTRY DIVISION
MICHIGAN'S ELECTRONIC IDENTIFICATION PROGRAM FOR CATTLE

Animal identification has been an integral part of Michigan's animal disease eradication programs for decades. In August 2001, the Michigan Department of Agriculture (MDA) initiated an electronic cattle identification tracking system as part of its bovine Tuberculosis (TB) Eradication Program. Electronic identification was initially used to individually identify and track the movement of cattle in a TB high-risk area/infected zone (Modified Accredited Zone [MAZ]), which was comprised of 11 counties and two partial counties in northeast Michigan. This project was funded in part by United States Department of Agriculture (USDA) grants to assist Michigan's Tuberculosis Eradication Program.

The merit of the electronic based ID system was immediately realized: the TB whole-herd testing time was reduced by as much as 50% once cattle were tagged with radio frequency identification (RFID) tags. Additionally, tracking cattle with an electronic identification (EID) system provides assurance that all mechanisms of control, monitoring, and surveillance are employed to their fullest capabilities.

Since the initiation of the EID system, one TB positive cow was diagnosed and traced back to the herd of origin. This particular cow had met the TB movement requirements and had been moved legally out of the infected zone. The herd of origin's TB testing history, and all cattle movements after the index cattle departed, **were traced in less than fifteen minutes.** Without the use of EID and the electronic database, this process could have taken weeks.

The EID system has also enabled MDA to develop a web-based movement permit system for cattle. The web-based system allows MDA to issue a movement permit online if all testing requirements have been met. Producers can then print the permit or receive it by fax or mail.

On April 19, 2004, USDA established two separate zones with different TB risk classifications in Michigan—the Modified Accredited Zone (MAZ) and the Modified Accredited Advanced Zone (MAAZ). Beginning on June 1, 2004, all cattle of all ages were required to have electronic identification and a movement permit before leaving a premises within the MAZ and all cattle were tagged with EID during TB testing.

As part of its effort to obtain TB Free Status for the Upper Peninsula, MDA expanded its EID program to include the Upper Peninsula. MDA offered a 50/50 cost-share program in August 2004 to cattle producers in the Upper Peninsula who wished to obtain EID tags to identify cattle leaving the farm in support of the free status application. Over 600 producers ordered over 65,000 tags during the cost share program. The Upper Peninsula was granted TB Free Status in September 2005.

On January 9, 2006, the Michigan Commission of Agriculture adopted a policy mandating RFID for cattle in Michigan effective March 1, 2007. MDA, in partnership with industry and stakeholder groups, was charged with developing an implementation plan. Cattle are the only species of farm animals required to be identified electronically in Michigan.

A communication strategy was developed and implemented which targeted key audiences to develop their understanding of the role RFID plays in the Bovine Tuberculosis Program. The communication strategy addressed the concerns of the farming community as MDA moved from a free identification ear tag to a producer purchased RFID tag. The communication strategy focused on how RFID tags can improve animal health, human health, and food safety.

The communication strategy recognized the importance of sharing information with all producer groups and other interested persons. All livestock producers were sent a letter explaining the RFID requirements and a *Question and Answer* document. Livestock markets assisted with outreach to inform their clientele about the identification program. MDA produced a brochure and fact sheet which were distributed at county fairs.

Nearly 60 educational workshops and industry meetings were held across the state. Outreach, both at the grass roots level and through statewide marketing, was vital to the success of the EID project. Well over 3,000 cattle producers attended the meetings which allowed MDA to disseminate a positive message about the program to producers from key leaders.

MDA sponsored cattle handling and ID tagging demonstrations at the July 2006 and July 2007 Ag Expo. Six informational seminars/tagging demonstrations were presented during the 3-day events. Nearly 1,000 people participated in the presentations.

By March 2007, 90-98% of cattle coming into Michigan livestock auction markets were tagged with RFID tags. MDA's program allows for cattle producers who are unable, or object to RFID tags, to bring cattle to the markets untagged. Untagged cattle are tagged at the markets and the producer is charged a fee. This procedure allows MDA to maintain the integrity of its animal identification program while respecting the views of some producers who object to the program on religious or other grounds.

By October 5, 2007, Michigan cattle producers had purchased over one million RFID ear tags. Over 11,000 Michigan premises supported this milestone. In addition, there are over 19,400 premises in Michigan registered in the Standard Premises Registration System (SPRS).

Between April 2006 and December 31, 2008, 15,661 cattle producers have ordered 1,718,593 RFID tags. All Michigan livestock markets and eight slaughter facilities are equipped with stationary panel readers or wand readers capable of reading any RFID ear tag. As of December 31, 2008, livestock markets had scanned 480,776 tags and slaughter facilities had scanned 332,888 tags.

The success of Michigan's mandatory cattle identification program can be attributed to the partnership established between producers, agricultural businesses, and state and federal government agencies. The EID program focuses on three core areas: animal health, human health, and food safety. Michigan's accomplishments have built a foundation on which other states can build in developing their cattle traceability programs. Michigan would highly encourage other states and the federal government to use Michigan's model for cattle traceability. By doing so, citizens can benefit from increased public health and food safety. The EID program has created efficiencies on the farm and in the Department and allows staff to focus on public safety.

Submitted by: Dated: March 6, 2009

Kevin Kirk
Special Assistant to the Division Director
Michigan Department of Agriculture
Animal Industry Division
[REDACTED]

SUBMITTED MATERIAL SUBMITTED BY SHANE KOLB, DRA LIVESTOCK TEAM CHAIR, DAKOTA RURAL ACTION

DAKOTA RURAL ACTION
GRASSROOTS ORGANIZING FOR THE FUTURE

P.O. Box 549
Brookings, SD 57006
Tel 605.697.5204
Fax 605.697.6230

DRA West
1719 W. Main St., Ste. 303
Rapid City, SD 57702
Tel 605.718.4957

www.dakotarural.org

WRITTEN TESTIMONY OF DAKOTA RURAL ACTION
Presented to the
UNITED STATES HOUSE OF REPRESENTATIVES -HOUSE COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON LIVESTOCK, DAIRY, AND POULTRY "TO REVIEW ANIMAL IDENTIFICATION SYSTEMS"
MARCH 11, 2009

Thank you Representative Scott and members of the subcommittee on Livestock, Dairy, and Poultry for holding this hearing to review "Animal Identification Systems."

Dakota Rural Action is a grassroots family agriculture and conservation group that organizes South Dakotans to protect our family farmers and ranchers, natural resources, and unique way of life. DRA has over five-hundred members across the state, representing farmers and ranchers, consumers and other working people of our region, all of whom will be impacted by the National Animal Identification System (NAIS) as proposed by USDA and APHIS.

It is time for Government waste to end

On March 4, 2009 President Obama is quoted as saying "It's time for government waste to end. It's time to only invest in what works."

The National Animal Identification System (NAIS) is a prime example of investment that is not working and government waste that should end immediately. USDA has been working for over five years and spent over $130 million to implement the NAIS program. After all this time and money wasted, the program is still incomplete and written in a way that is impossible to implement. Furthermore, the system as proposed has only been able to accomplish participation from 35% of the nations producers.

While I think it's good to focus on the money wasted on this program we need to also make sure it's clear that this money was wasted on a program with no clear purpose and unwanted by independent producers. Just focusing on the government was doesn't really get the message across because we are glad their efforts haven't been successful and have worked against them. In affect helping to cause the waste.

The best course for USDA to take is to abolish the program and live up to the promises made by President Obama to end government waste.

NAIS overrides existing animal trace-back and disease prevention programs

USDA states that NAIS is designed to identify and track individual livestock and poultry animals and has pitched it as a disease tracking program. However, they have designed a program that actually hijacks existing, well-functioning

disease response and brand inspection programs run by individual states and have put more burdens, through cost and liability on the shoulders of livestock producers and farmers.

According the USDA's own documents, NAIS is not designed or intended to be a food safety program. NAIS does not address the most immediate needs in the wake of BSE, Brucellosis Bovine Tuberculosis and other animal disease to protect the U.S. food supply and does nothing to inform consumers or ensure that food born illnesses are prevented. Consumer confidence will remain high, if the US herd remains healthy, and current disease tracking programs are working.

NAIS does not address animal disease prevention. It is not sensitive to any specific disease transmission and instead only provides for tracking once a disease outbreak has been discovered. Furthermore, the program completely ignores the risks of foreign animal disease introduction.

The program develops a new, large, bureaucratic program that is unproven and replaces proven, less expensive health programs already functioning. One longstanding, effective program identifies cattle vaccinated for brucellosis and allows trace-back through a tattoo and tagging system. The system is overseen by USDA's Animal and Plant Health Inspection Service (APHIS), and run by state animal health or livestock boards. In another system, state officials "back-tag" all animals going to slaughter, resulting in a record of the state in which the animal was tagged and identification number leading back to the seller. Similar programs also exist for sheep and goats through the scrapie program and hogs for cholera. In addition, many states have a hot iron brand program that provides a permanent identification of the animal throughout its life. These proven programs would be eliminated if NAIS is implemented fully.

There is clear proof that NAIS intends to supersede these existing and effective programs with the result of actually adding harm to animal health. In two consecutive memos, one in September 2009 and a second in December 2009, APHIS attempted to coerce producers into participation in NAIS by tying it directly to animal health program participation and encouraging State Veterinarians to assign NAIS premise numbers to producers who did not voluntarily register. As a result of opposition to these memos, USDA finally issued a proposed rule in the Federal Register on January 13, 2009.

Under the rules proposed by USDA, any producer who participates in a federal animal health program would be required to have an official USDA animal identification tag. To get that tag, producers must register with the NAIS program. If they don't, USDA can and/or will register that producer and assign them an official NAIS number without their consent.

This poses many concerns for producers. First, all documentation issued by USDA on NAIS thus far has said that this is a voluntary program. Under this proposed rule, NAIS is mandated for any producer who chooses to protect the health of his or her herd and the herds of his or her neighbors. Secondly, ranchers are concerned that this proposal discourages basic animal husbandry. Because of costs, government intrusion and fear of the unknown ramifications of NAIS, some producers will choose NOT to vaccinate their livestock and participate in animal health programs. This poses a risk for all livestock and actually undermines the safety of livestock in our country.

Proprietary Information:
NAIS would collect proprietary information that could be misused. After five years NAIS has still not made a final decision on how the information gathered from the program will be stored. There have been proposals about the federal government hold the information in a single data base, allowing livestock owners to contract with a private data base company that complies with federal standards, and allowing each state to hold the information.

In any of these cases, collection of private ownership information creates potential privacy risks for financial information of farmers and ranchers. NAIS would have information on the number of livestock owned and that matched with other documentation meat packers have could be used to discriminate among producers, price fix, or even dictate production practices to livestock producers.

The manipulation of livestock prices in the livestock market and the increase control of the cattle and hog industry by large, corporate interests will be perpetuated by the implementation of NAIS. Currently three major packers slaughter over 80% of fed cattle. They already use methods like packer ownership and captive supplies through formula pricing to drive down prices to producers. With the added information of the number of livestock available on the ranch and the potential for data on those animals, these packers would have an even stronger stranglehold on producers.

President Obama has said he will "...fight to ensure family and independent farmers have fair access to markets, control over their production decisions, and transparency in prices, and change federal agriculture policy to strengthen producer protection from fraud, abuse and market manipulation; and make sure that farm programs are helping family farmers, as opposed to large vertically integrated corporate agribusiness..."

NAIS is an example of a program that does not fit into President Obama's platform for agriculture.

Unwarranted Liability

Unless carefully developed, animal identification information could be used to shift liability for food contamination incidents from the packers and processors back to farmers and ranchers. Many food borne illnesses are a result of problems during processing not during the raising of the animals. To this point there has been not safeguards written into any of the NAIS proposals that would protect producers from unwarranted liability.

Producers cost and burden

There is no doubt that NAIS will be a burden to producers in time and money. Through the program, ranchers would be required to document any movement from premise to premise. For many ranchers, especially in the West, this would be a logistical nightmare. The documentation of animal movement from one pasture to another would result in paperwork that takes away from their job of ranching. For an example, one Western rancher might have private range, range recently purchased from another rancher, government grazing leases rented school and public lands and rented private property—all requiring different premise numbers. In order to be sustainable, cattle on this ranch need to be moved regularly, sometimes weekly, depending on the rain and other weather conditions. This would require documentation to the NAIS data base each time the movement is made, requiring hours of paperwork. Furthermore, assuming that these ranchers have internet access or ways to expediently submit the information is a myth.

Moreover, there has been no study done to determine the cost of implementing NAIS for either USDA or the individual state that will be required to carry the cost if NAIS becomes mandatory. There is also no indication of the actual cost of participation in NAIS. As late as the January 13 proposed rule, USDA admitted in their proposed rule: "We do not currently have all the data necessary for a comprehensive analysis of the effects of this proposed rule on small entities." However, USDA and APHIS are actively recruiting participation from those "small entities." After more than five years and as they are moving people into the program, ranchers expect that USDA and APHIS would have already provided information about the actual cost of the program.

The cost of implementing NAIS will fall more heavily on small producers than large ones due to the allowance by USDA for large groups, especially confinement animals, to be identified as a group rather than by individually applied identification devices. This cost could be devastating to smaller, family farm and ranch operations.

There has been no study done to determine the cost of implementing NAIS for either the USDA or the individual states that will be required to carry the cost if NAIS becomes mandatory.

One size does not fit all

The United States is a country of many unique landscapes and individual producers. Even within each rural community, there are a wide range of types of livestock grown and methods of animal husbandry. The needs of programs from dairy producers to ranchers to backyard poultry growers differ significantly, thus the need and method of trace-back. Moving to one uniform, standardized, technology-neutral system for the identification of livestock does not take into effect the individual nature of livestock producers' operation, marketing decisions and technological access and will prove to be inefficient for both producers and the government.

Summary

After more than five years and over $100 million, USDA still does not have a national animal identification system in place that is effective or can be properly implemented. Most importantly, it is still not acceptable to the majority of livestock producers, which can be witnessed by USDA's reports showing that only 35% of producers nationwide are volunteering to participate. Therefore, it falls under the category of wasteful government spending.

NAIS as applied overrides existing animal health programs that are proven to work and replaces it with a program that is neither proven nor cost effective.

No safeguards have been put in place to protect the proprietary nature of the information required through NAIS and Premise registration, adding to the problems of market concentration and manipulation by corporate agri-business.

The program, as written, will result in unwarranted liability and costly burdens to livestock producers.

While a standardized program for animal trace-back is a lofty goal, the ability to implement such a program in a country as diverse as the United States is foolhardy.

Please ensure that all components of NAIS remain strictly voluntary and end any move to make NAIS a mandatory program by outlawing the use of any NAIS program as a requirement to access livestock marketing opportunities or youth livestock programs. Disconnect NAIS and Premise ID from any existing state or private disease tracking or branding program and ensure that any state or federal program does not use NAIS or Premise registration to participate in those programs.

Respectfully Submitted,

Shane Kolb

Shane Kolb,
DRA Livestock Team Chair,
Bison, SD

Attachment:HOUSE CONCURRENT RESOLUTION NO. 1015 - A concurrent resolution, stating South Dakota's policy on animal identification programs

HOUSE CONCURRENT RESOLUTION NO. 1015

A CONCURRENT RESOLUTION, Stating South Dakota's policy on animal identification programs.

WHEREAS, the ability to efficiently track food-producing animals from birth to slaughter is vital to safeguarding animal health, protecting the safety of the food supply, and promoting the economic vitality of South Dakota's animal agriculture industry; and

WHEREAS, the United States Department of Agriculture's National Animal Identification System (NAIS) is a voluntary partnership among producers and government that seeks to provide a uniform animal identification system and ensure a forty-eight-hour trace-back of livestock in the event of a disease outbreak; and

WHEREAS, implementing NAIS focuses on animal identification for animal health and disease control purposes; and

WHEREAS, Section 1619 of the 2008 federal farm bill focuses on producer confidentiality and safeguarding producer information; and

WHEREAS, the United States Department of Agriculture has approved a standardized animal identification system that is technology neutral; South Dakota livestock producers acknowledge the importance of partnering with local, state, and federal regulators to create and maintain effective animal disease programs that utilize animal identification; and South Dakota's producers maintain that state control of animal identification and database systems is preferable to federal control:

NOW, THEREFORE, BE IT RESOLVED, by the House of Representatives of the Eighty-fourth Legislature of the State of South Dakota, the Senate concurring therein, that the policy of the State of South Dakota is to continue to work with the United States Department of Agriculture and Congress, seeking to ensure that all components of NAIS remain a voluntary animal identification system that adequately protects producer information, and that producer involvement in NAIS shall remain voluntary in South Dakota unless otherwise required by federal law; and

BE IT FURTHER RESOLVED, that the policy of South Dakota is that the South Dakota Animal Industry Board shall maintain control of animal identification systems implemented in South Dakota for animal health purposes, and no state agency may attempt to mandate NAIS for nonvoluntary marketing programs.

Adopted by the House of Representatives, March 4, 2009
Concurred in by the Senate, March 6, 2009

Timothy A. Rave
Speaker of the House

Karen Gerdes
Chief Clerk of the House

Dennis Daugaard
President of the Senate

Trudy Evenstad
Secretary of the Senate

SUBMITTED MATERIAL SUBMITTED BY RUSSELL LIBBY, EXECUTIVE DIRECTOR, MAINE ORGANIC FARMERS AND GARDENERS ASSOCIATION (MOFGA)

(adopted August 10, 2006)

The Maine Organic Farmers and Gardeners Association (MOFGA) strongly opposes the National Animal Identification System (NAIS) proposed by the U.S. Department of Agriculture (USDA).

The program proposes that livestock farmers register their premises, identify all newborn animals and flocks, and track movements of new animals from one owner to another. It is intended to cover every place where farmers keep livestock—from huge feedlots and confinement dairies with 20,000 animals or more, to small backyards where families keep three chickens to produce fresh eggs for themselves.

MOFGA opposes this program because:

1. It will force people who are not part of the national and international food distribution system to participate in a registration and tracking program that, ultimately, will discourage more people from producing food for themselves and their communities. The registration, tagging, and tracking systems will require everyone with animals to file paperwork regularly with state and/or Federal agricultural authorities. The proposed system will treat everyone who has any livestock the same—as if everyone ships his or her animals into anonymous, national markets, even if the animals never leave the farm.

2. The proposed tracking systems will force farmers to bear most of the costs of participation, for limited public value. Farmers will pay for tags and identification systems, and will be responsible for the costs of recordkeeping and submitting information on animal movements. Ultimately, this will raise food costs.

3. The approach focuses on tracking diseases after the fact, rather than disease prevention and animal health. There is no disease prevention aspect in the system as proposed. The goal of the program is to be able to trace back diseases to their origins—not an altogether bad goal. The problem is that it appears to be the only goal. Too many public veterinary resources already are directed to these identification systems, rather than disease prevention.

4. It is unworkable at the comprehensive scale envisioned. Maine's Department of Agriculture, Food and Rural Resources (Department) lacks the human, technical and data resources to manage this program effectively. For example, Maine, as most other states operates a voluntary scrapies certification program. Scrapies is a degenerative disease of sheep, similar to mad cow disease (however there is no scientific evidence that Scrapies poses any risk to human health). Participating farmers tag all their animals, and the Department checks each flock regularly for signs of the disease. Farmers track sales to and from the participating farms, and maintain records of sheep from flocks that appear to be scrapies-free. The USDA estimates that there are 600 farms in Maine with at least one sheep, but only 140 farms participate in the Maine Sheep Breeders' Association, and even fewer are enrolled in the first phase of the Scrapies program. If Maine lacks the resources to find, identify, and work with all of the sheep farmers in Maine, how will the state do that for all of the animals and species targeted by the NAIS?

MOFGA's Approach to Animal Health

Society must rethink the way it tackles animal health problems, and it must empower farmers to help find solutions. The Department must support these efforts directly. Any animal wellness program implemented to help prevent the spread of an animal disease epidemic should be voluntary, confidential, provide appropriate exemptions for farms not participating in interstate commerce, and emphasize a continued investment in livestock health. This will require the active participation of a wide range of farmers, as well as more technical veterinary support from the state.

Appropriate Actions

1. The Department should hire at least one additional veterinarian with the primary responsibility of helping all livestock producers recognize the benefits of closely and continually monitoring the health of their animals.

2. In the event of a disease outbreak (e.g., avian influenza), MOFGA would notify its members, via both e-mail and letter, of the issues and how to help prevent further spread of the disease. MOFGA would encourage livestock farmers to contact the state veterinarian's office for advice.

3. Working with the Department and Cooperative Extension Offices, MOFGA will provide its members with excellent record-keeping systems for identifying

animals and using that information to improve the general health and productivity of animals on the farm.

4. MOFGA will provide examples of record-keeping systems that allow farmers to track both the source and disposition of animals brought onto their farms and sold from their farms.

5. MOFGA's Livestock Specialists will encourage all farmers to follow the principles of organic livestock health, and work with farmers to identify breeds and lines that succeed and thrive in this bioregion under organic production systems.

6. Fundamentals of animal health also require that animals be treated humanely. MOFGA staff members will integrate these principles into their work with all livestock producers, regardless of the scale of production.

7. MOFGA encourages farmers to work closely with all livestock health resources and to monitor closely the health of all the animals on their farms.

SUBMITTED MATERIAL SUBMITTED BY TODD MORTENSON, PRESIDENT, SOUTH DAKOTA CATTLEMEN'S ASSOCIATION

South Dakota Cattlemen's Association

www.sdcattlemen.org

March 13, 2009

United States House of Representatives
Committee on Agriculture - Subcommittee on Livestock, Dairy, and Poultry
Chairman Scott and Ranking Member Neugebauer
1301 Longworth House Office Building
Washington, DC 20515

Dear Chairman Scott and Ranking Member Neugebauer:

On behalf of the South Dakota Cattlemen's Association (SDCA), thank you for the opportunity to comment on the National Animal Identification System (NAIS). NAIS is an issue of paramount importance to our 1,000 cattle producer members.

As outlined in SDCA's member-adopted policy, a voluntary ID program is preferable to a mandatory system. However, SDCA policy also supports mandatory identification for breeding stock to address animal diseases. We also recognize the industry must encourage voluntary participation sufficient to achieve reasonable herd health monitoring on a national scale.

NAIS must provide a simple yet complete set of features and functions to address various requirements of the USDA, state animal health authorities and the various species within the livestock industry. The NAIS must maintain the privacy of producers' data, and be flexible to accommodate differences in production methods. It must all be based on a strong technical foundation that allows for flexibility and scalability to grow and adapt over time. Above all, NAIS must be capable of providing prompt trace-back in livestock disease investigations and surveillance, such as bovine spongiform encephalopathy (BSE), foot and mouth disease (FMD), or other animal diseases, particularly those that are highly contagious.

Specifically, SDCA's priorities for the National Animal Identification System include:

- SDCA supports mandatory identification for breeding stock as the first step in a comprehensive NAIS system. We believe this will be a big step in ensuring efficiency in disease trace-back efforts. For other segments of livestock production, our policy supports a voluntary animal identification program, driven by the marketplace. We believe increasing demand for source and age-verified products will ultimately provide sufficient participation to achieve reasonable herd health monitoring on a national scale.
- NAIS must maintain the privacy of producers' data, and be flexible to accommodate differences in production methods. Data should only be shared for the purposes of herd health surveillance and only with animal health officials involved in disease management programs.

- NAIS must be flexible and scalable to grow and adapt with production practices over time, without placing a significant economic burden on livestock producers.
- Voluntary participation in source and age-verification programs which require individual animal identification should be preserved and recognized as adequate for disease tracking purposes. In addition, producers who voluntarily participate in such programs should not be further penalized in the event of an economically devastating disease outbreak – they should be eligible for federal disaster assistance if/when it's deemed necessary.
- SDCA also urges Congress and USDA to continue to work closely with livestock producer groups in the planning and development of this system, including after the system is fully operational. Seeking producer input throughout the entire process and operation will allow industry a more thorough understanding of the program and provide for continuous improvement.

The U.S. is the only developed country in the world without a comprehensive animal identification and tracking system, and SDCA is concerned this may inhibit our global competitiveness long term as our trading partners demand increased traceability and accountability in this post-BSE era. SDCA also recognizes that other U.S. programs, such as Country of Origin Labeling (COOL) and brand inspection programs in western states, are not adequate to replace individual animal identification as a tool for accurate and efficient animal disease traceback.

SDCA supports ongoing efforts to streamline animal disease programs through a National Animal Identification System while urging the administration to work closely with producer groups and regulatory officials to meet the various needs of producers, animal health officials and consumers. On behalf of our 1,000 beef producer members, thanks for your consideration of our input.

Regards,

Todd Mortenson, President
Hayes, South Dakota

Cc: Representative Stephanie Herseth Sandlin
Senator John Thune
Senator Tim Johnson

SUPPLEMENTAL MATERIAL SUBMITTED BY MARGARET NACHTIGALL, EXECUTIVE DIRECTOR, SOUTH DAKOTA STOCKGROWERS ASSOCIATION (SDSGA)

SOUTH DAKOTA STOCKGROWERS ASSOCIATION
426 St Joseph St., Rapid City, SD 57701

March 10, 2009

To: U.S. House Subcommittee on Livestock, Poultry, and Dairy
Hearing Clerk, Jamie Mitchell

Re: March 11 Hearing – Animal Identification Programs.

To Whom it May Concern;

South Dakota Stockgrowers Association (SDSGA) is a membership powered organization of approximately 1500 South Dakota farmers and ranchers. Our mission is the preservation and protection of the viability and profitability of our rural economy in South Dakota, and nationally through our National Congressional Delegates and as an affiliate to national organizations. We are mostly involved with, but not limited to, cattle, (cow-calf producers, seed stock producers, and some feeders) sheep and horses.

SDSGA appreciates the opportunity to share written testimony regarding the National Animal Identification System (NAIS).

We are deeply concerned with several objectives named within the NAIS Business Plan and User's Guide.

A. While USDA states that the program is currently voluntary at the federal level it has been providing funds to individual states to implement the program. The amount of money received by the states is directly dependent upon the number of premises registered in the state.
   Youth groups have been prohibited from exhibiting their animals at certain fairs without a premises registration.
   Many individuals have had their premises registered without their knowledge.
   We believe these actions are not only wrong and unethical in a system that is supposed to be "voluntary", but leads to a strong lack of trust in USDA.
B. Immediate reports of commingling are impossible in a rural state such as South Dakota, where pastures range from a few hundred acres to several thousand acres. Animals are moved from pasture to pasture – in some areas every 3 to 7 days. Pastures are not always contiguous and animals are not always moved in a group. In sparse areas cattle may commingle without immediate knowledge of the owners, thus placing producers in danger of non-compliance and heavy fines.
C. The livestock industry already has plans in place that have sufficed extremely well over the past 100 years in eradicating disease within our country and preventing foreign animal disease from crossing our borders.

D. Nothing in NAIS prevents the primary owner of an animal from the liability of a disease that was contracted following change of ownership as this animal progresses through the 'pasture to plate' chain of events.
E. NAIS, as it is structured at this time, would actually usurp the power of our state animal industry board and place it with the federal government.
F. The plan to use RFID and/or Hi-Frequency tags that can be read by anyone is an invasion of private property.
G. A disease becomes endemic, not because it wasn't traced, but because it was not prevented. Diseases that threaten our national herd and the health of our people such as Tuberculosis, Foot and Mouth Disease, Brucellosis, need to be stopped at the borders of our country; they need to be eradicated in the wildlife. Why are we more worried about *tracing* them than we are about *stopping* them before they reach our herd?
H. Our urban consumers have been led to believe NAIS is a protection of their food supply – this is not true – NAIS only traces disease after it's in our herd, it does not prevent disease, nor does it treat disease.
I. It is unconscionable that USDA would even suggest that we register our real property with the federal government in a program that has no rules or regulations; no cost analysis, nor cost-benefit analysis; stipulations that we cannot conceivably comply with; has cost the taxpayers approximately $140,000,000, 5 years work and has only 33% participation.

SDSGA sincerely appreciates the Subcommittee of the Livestock, Poultry and Dairy investigating and accepting testimony regarding the National Animal Identification System. We strongly and respectfully urge you to hear the producers (the first link in this food chain) who ask that you deny the proposed NAIS program and work toward securing our food borders and eradicating the diseases of our wildlife that are a threat to our domestic livestock.

Additional Information:

Please be advised, South Dakota Stockgrowers Association agrees with and fully supports testimony presented by R-CALF USA President Max Thornsberry

Respectfully Submitted

Margaret Nachtigall
Executive Director
South Dakota Stockgrowers Association

SUPPLEMENTAL MATERIAL SUBMITTED BY R.M. "MAX" THORNSBERRY, D.V.M., PRESIDENT OF THE BOARD, R-CALF USA

R-CALF United Stockgrowers of America
P.O. Box 30715
Billings, MT 59107
[REDACTED]
Website: www.r-calfusa.com
E-mail: r-calfusa@r-calfusa.com

March 20, 2009

The Honorable David Scott
Chairman, House Committee on Agriculture
Subcommittee on Livestock, Dairy, and Poultry
1301 Longworth House Office Building
Washington, D.C. 20515-6001

Re: R-CALF USA Post-Hearing Testimony Regarding *Review of Animal Identification Systems*

Dear Chairman Scott and Subcommittee Members:

The Ranchers-Cattlemen Action Legal Fund – United Stockgrowers of America (R-CALF USA) appreciates this opportunity to submit additional views regarding the U.S. House of Representatives, Committee on Agriculture, Subcommittee on Livestock, Dairy, and Poultry's (Subcommittee's) Review of Animal Identification Systems. R-CALF USA is a national, non-profit organization that represents thousands of U.S. cattle producers on domestic and international trade and marketing issues and is dedicated to ensuring the continued profitability and viability of the U.S. cattle industry.

As discussed in R-CALF USA's pre-hearing testimony in this matter and in testimony provided before the Subcommittee, R-CALF USA believes it is both possible and important to improve disease traceability in our U.S. livestock herds, but the National Animal Identification System (NAIS) proposed by the U.S. Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS) is *not* an appropriate nor workable solution to accomplish this important objective.

It is important for the Subcommittee to know that USDA began designing, developing, and promoting NAIS more than six years ago and, yet, the Subcommittee's March 2009 hearing was the *first* meaningful opportunity for the actual producers of livestock to provide information to Congress regarding this radical, sweeping proposal certain to impose significant costs on the U.S. livestock industry each year. R-CALF USA is, therefore, grateful for this *first* opportunity to address the tremendous amount of misinformation surrounding NAIS. This misinformation, as evidenced by statements made and questions asked by Subcommittee members during the hearing, is now deeply entrenched in both Congress and industry circles due to USDA's unrestrained, aggressive, multiple-year and multi-million dollar NAIS promotional campaign, which included not only direct payments to States and Tribes, but also, direct payments to the National Cattlemen's Beef Association's National Cattlemen's Foundation, National Milk Producers Federation, and the National Pork Board.[1] In addition, the American Veterinary

[1] *See* About NAIS: Industry Partnerships, USDA APHIS, available at http://animalid.aphis.usda.gov/nais/about/industry_partnerships.shtml; *see also* USDA Announces Plans to Expand

Medical Association (AVMA) represents veterinarians "employed in key positions within state and federal governments . . . such as the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) Food Safety Inspection Service (FSIS) and Agricultural Research Service."[2] Clearly, the witnesses called by the Subcommittee that represent the interests of these USDA/NAIS-obligated federal agencies and nonprofit organizations are mere extensions of USDA itself and cannot and should not be relied upon to provide any meaningful, critical analysis of USDA's NAIS.

Below, R-CALF USA will address the issues raised at the hearing that have contributed to widespread misapprehension regarding the application, scope, purpose, and probable effects of USDA's NAIS.

I. THE UNITED STATES' CURRENT PREPAREDNESS TO ADDRESS LIVESTOCK DISEASE OUTBREAKS

A. The United State's Success or Failure in Controlling *Actual* Livestock Diseases

NAIS proponents claim that because NAIS is not implemented, the U.S. is ill-prepared to control disease outbreaks in U.S. livestock. However, R-CALF USA provided the Subcommittee with documented evidence showing that preexisting U.S. livestock disease programs have functioned in a highly successful and highly effective manner to control and eradicate livestock diseases in the United States. R-CALF USA documented that with the preexisting system, the U.S. successfully controlled and/or eradicated such diseases as contagious bovine pleuropneumonia, foot-and-mouth disease (FMD), bovine babesiosis, classical swine fever, Brucella melitensis, porcine cysticercosis, bovine tuberculosis (bovine TB), brucellosis, and bovine spongiform encephalopathy (BSE or mad cow disease).[3] This successful record of disease control and eradication is exemplary under world standards. For example, USDA states that FMD is widespread around the world and has been "identified in Africa, South America, Asia, and some parts of Europe," and despite the occurrence of nine separate outbreaks, the U.S. eradicated FMD in 1929.[4] The World Organization for Animal Health (OIE) provides data showing that both brucellosis and bovine TB also are widespread around the world,[5] though the U.S. believes it has eradicated the former disease in the U.S. in all

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National Animal Identification System Cooperative Agreements to Nonprofit Organizations, USDA APHIS, news release, February 2, 2007, available at http://www.aphis.usda.gov/newsroom/content/2007/02/NAISRFP.shtml ("USDA will make up to $6 million available for the cooperative agreements [with nonprofit organizations]").

[2] The National Animal Identification System, Testimony of W. Ron DeHaven, DVM, MBA, CEO, American Veterinary Medical Association, Before the House of Representatives Committee on Agriculture, Subcommittee on Livestock, Dairy, and Poultry (hereafter "AVMA Testimony"), March 11, 2009, at 4.

[3] *See* R-CALF USA Hearing Testimony, Review of Animal Identification Systems, March 11, 2009 (hereafter "R-CALF USA Hearing Testimony"), at 4, 5 (for all diseases other than BSE); at 12 (for BSE, but also, the Subcommittee should take note that USDA is so confident that it has eliminated the risk of BSE that it has both *reduced* government surveillance for BSE and it has *prohibited* private meatpackers from conducting voluntary BSE testing of cattle at slaughter (*see Creekstone Farms v. USDA*, No. 06-CV-0544-JR, Order (March 29, 2007)).

[4] APHIS Factsheet: Foot-and-Mouth Disease, USDA APHIS Veterinary Services, February 2007, available at http://www.aphis.usda.gov/publications/animal_health/content/printable_version/fs_foot_mouth_disease07.pdf.

[5] *See* World Animal Health Information Database (WAHID) Interface, Disease Information, Disease Distribution Maps, World Organization for Animal Health (OIE), Paris, France, available at http://www.oie.int/wahis/public.php?page=home.

but the wildlife population in the Greater Yellowstone Area and the U.S. was able to designate 49 states as "TB Free" in 2007, with wildlife populations and Mexican cattle imports continuing to served as reservoirs for the disease.[6] Regarding BSE or mad cow disease, the USDA was so confident that it had eliminated the risk from BSE that within months of detecting the second, "atypical strain" of BSE, this time in a 10-year-old cow in Alabama, USDA significantly curtailed its national surveillance for BSE,[7] aggressively fought and ultimately won a court battle to prevent any private meatpacker from conducting their own surveillance for BSE,[8] and promulgated a rule (which went into effect on Nov. 19, 2008) to allow cattle with a heightened BSE risk to enter the United States from Canada, *even when USDA's base-case risk assessment predicted that the U.S. would import 19 BSE infected cattle over the next 20 years under the rule*.[9]

In fact, NAIS proponents fully acknowledge that *preexisting* U.S. livestock disease programs have been highly effective. USDA stated "Now, with successful eradication of many diseases, the need for and level of vaccination and testing is low – as is the percentage of uniquely identified animals and premises in the United States."[10] Emphasis added. In his testimony before the Subcommittee, USDA's Chief Veterinary Officer, Dr. John Clifford, stated, "While certainly not the modern, standardized system we envision with NAIS, those [preexisting animal identification] systems did provide us with a solid base for traceback."[11] Emphasis added.

USDA and other NAIS proponents offer not a shred of evidence to support the position that the structural and operational components of preexisting USDA disease programs were not highly effective in controlling and eradicating livestock disease, including preexisting disease identification systems, recording systems, surveillance and monitoring systems, and disease program methodologies. Only the AVMA has attempted to denigrate preexisting diseases systems by characterizing them as "outdated premises and disease monitoring systems," but it failed to provide even a scintilla of evidence in support of its unfounded assertion.[12]

The evidence reveals the obvious – that the structural components and functionality of preexisting disease programs are time-proven and highly effective at controlling and eradicating livestock diseases in the United States. The success and effectiveness of preexisting systems do

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[6] *See* R-CALF USA Hearing Testimony, at 5.
[7] *See* APHIS Factsheet: USDA's BSE Surveillance Efforts, USDA APHIS, July 2006, available at http://www.aphis.usda.gov/publications/animal_health/content/printable_version/fs_BSE_ongoing_vs.pdf ("USDA will begin transitioning its enhanced BSE surveillance program to a level that is more commensurate with the extremely low level of risk in the United States.").
[8] *See Creekstone Farms v. USDA*, No. 06-CV-0544-JR, Order (March 29, 2007).
[9] *See* 72 Federal Register, 1109 ("Using a base-case assumption . . . over the next 20 years, our quantitative model predicts the importation of a total of approximately 19 infected bovines over that period under the provisions of this proposes rule.").
[10] National Animal Identification System (NAIS) – A User Guide and Additional Information Resource, USDA APHIS, Version 2, December 2007, at 7, available at http://animalid.aphis.usda.gov/nais/naislibrary/documents/guidelines/NAIS-UserGuide.pdf.
[11] Review Animal Identification Systems, Testimony of Dr. John Clifford, Deputy Administrator for Veterinary Services, USDA APHIS, before the House Committee on Agriculture's Subcommittee on Livestock, Dairy, and Poultry (hereafter "USDA Testimony"), March 11, 2009, at 2.
[12] AVMA Testimony, at 9.

not justify a radical new program as envisioned in the NAIS. Congress must flatly reject the NAIS' premise that preexisting U.S. livestock disease programs are broken.

B. The Weaknesses In Ongoing Disease Control Programs Would Not Be Resolved By NAIS

NAIS proponents assert that as a result of the successful control and eradication of livestock diseases under preexisting systems, fewer livestock producers and fewer livestock are participating in the animal identification systems incumbent to preexisting livestock disease programs.[13] However, and importantly, the testimony of NAIS proponents reveals that this assertion *is not true for all livestock species*. USDA' Chief Veterinarian testified that:

> The poultry industry . . . continues to have a high level of traceability – estimated at more than 95 percent today. . . The commercial swine industry utilizes group/lot identification exclusively, thus premises information alone provides a high level of traceability. . . [and] [a]n estimated 95 percent of sheep flocks are listed in the scrapie database.[14]

This testimony reveals that participation in animal identification systems incumbent to preexisting disease programs by the poultry and sheep industries already exceeds the 70 percent "critical mass level of participation" benchmark that USDA has established for NAIS,[15] and participation by the hog industry *may* already exceed that benchmark as well. Thus, the argument that there is insufficient participation by poultry and sheep producers, and perhaps by hog producers, to ensure disease traceability in the event of a disease outbreak is meritless.

The concern that there are fewer producers and fewer livestock participating in animal identification systems incumbent to preexisting disease programs is applicable perhaps only to the U.S. cattle industry. But, it is both false and disingenuous to assert that a significant number of U.S. cattle are not already participating in official animal identification programs. In fact, USDA affirms that that, "For the past several years, approximately 25-30% of the cattle population has been officially identified," most of which are identified through preexisting disease programs.[16] Based on the size of the U.S. cattle herd – estimated by USDA to be 104 million head on July 1, 2007[17] – approximately 26-31 million cattle in the U.S. herd are "officially identified."

Based on information and belief, R-CALF USA asserts the percentage of identifiable cattle is *significantly* higher than USDA's estimate. As stated in R-CALF USA's pre-hearing testimony, there are 15 states that operate state brand programs, which require the permanent identification of individual cattle,[18] some states require identification of breeding age cattle when

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[13] *See* R-CALF USA Testimony, at 17, fn 70.
[14] USDA Testimony, at 7.
[15] A Business Plan to Advance Animal Disease Traceability, USDA APHIS, Version 1.0, September 2008, at 2.
[16] *Id.*, at 67.
[17] *Id.*, at 16.
[18] *See* R-CALF USA Testimony, at 10, fn 38.

ownership is transferred,[19] and many cattle producers voluntarily participate in export-eligibility programs that incorporate traceable animal identification devices on individual cattle.[20]

NAIS proponents disingenuously allege that because of what they call an "outdated system of tracking outbreaks of animal diseases to their sources;"[21] and a "lack of any official identification" with which to determine the "specific origin of the subject animal . . .[and] without movement data,"[22] disease traceback investigations have taken too long to conduct. Both the AVMA and USDA cited the same statistics to support their allegations: AVMA stated, "Investigators spent an average of 199 days tracing the sources of animals infected with bovine tuberculosis between October 2005 and August 2007."[23] USDA stated, "The average time spent conducting a traceback involving 27 recent bovine tuberculosis investigations was 199 days."[24]

Congress has trusted, independent resources available to ascertain particular problems encountered by Federal agencies when carrying out their respective Federal missions. The Government Accountability Office (GAO) and the USDA's Office of Inspector General (OIG) are such resources. The OIG conducted an audit of USDA's control over its bovine TB eradication program in September 2006. According to the audit, the OIG found that a lack of identification on individual animals was not the sole source of USDA's problem in conducting its bovine TB investigations. In fact, the OIG found that over half of the investigations that were closed with an outcome of "untraceable" were animals that *were* identified with eartags, but the eartags either were not collected at the time of slaughter, had been removed by the feedlot prior to slaughter, or were unable to be traced because there was no requirement to maintain records.[25] Equally important, the OIG found that USDA's disease eradication efforts were hampered because the agency was not using its oversight tools in a timely manner, i.e., not timely reviewing and responding to the annual and monthly summaries of program results submitted by States nor was it properly reviewing States for program compliance.[26] The OIG also found that USDA was not following Federal regulations for declaring affected bovine TB herds, which weakened the agency's ability to contain and eradicate the disease and resulted in no additional controls being put in place for the majority of bovine TB cases detected in the past 5 years.[27] The agency was also cited for not timely downgrading the TB status of States after the agency knew that the disease was not isolated in one herd;[28] not having adequate controls to restrict the introduction of bovine TB in Mexican cattle;[29] not requiring slaughtering facilities to conduct surveillance at the recommended rate;[30] not monitoring high-risk herds and the corresponding

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[19] *See*, e.g., South Dakota Legislature, Administrative Rules, Chapter 12:68:05:02.
[20] For more information on export-eligibility programs, view USDA's Bovine Export Verification procedures available at USDA's Website.
[21] AVMA Testimony, at 5.
[22] USDA Testimony, at 3.
[23] AVMA Testimony, at 5.
[24] USDA Testimony, at 4.
[25] *See* Exhibit F – Reasons for Closing FY 2004 Investigations as "Untraceable," Audit Report: Animal and Plant Health Inspection Service's Control Over the Bovine Tuberculosis Eradication Program, September 2006, at 38.
[26] *See* Audit Report: Animal and Plant Health Inspection Service's Control Over the Bovine Tuberculosis Eradication Program, Report No. 50601-0009-Ch, September 2006, at 5-9.
[27] *See id.*, at 11-14.
[28] *See id.*, at 16-17.
[29] *See id.*, at 19-21.
[30] *See id.*, at 22-24.

on-farm testing that is required;[31] and not providing sufficient training to investigators so investigations could be completed in a timely manner.[32]

This evidence demonstrates that NAIS proponents are disingenuous in charactering NAIS as an end-all solution to weaknesses affecting the United State's ability to continue effective disease control and eradication. The systemic problems described above are internal management problems that impede disease control and eradication as well as disease investigations and would *not* be solved by implementing the NAIS.

C. The United States' Capacity to Address Future Disease Outbreaks

The OIG audit report referenced above is one of several OIG reports that reveal USDA is already experiencing significant difficulty in properly executing its preexisting disease control responsibilities, for reasons related more to management problems than to a lack of animal identification. R-CALF USA referenced another, a 2008 OIG report, in its prehearing testimony that describes USDA's failures to meet required health and safety regulations designed to prevent the introduction of BSE.[33] The Subcommittee should review these official evaluations as well as the investigative reports completed over the past several years by the GAO. For example, the GAO found in 2003 that USDA did not provide border inspectors guidance on FMD prevention activities in response to the 2001 European outbreak.[34] And, in 2007, the GAO found that management problems in USDA may leave U.S. agriculture vulnerable to foreign pests and diseases.[35] These official government reports do not provide assurance that USDA has the capacity to properly administer and effectively operate such a colossal program as envisioned by NAIS, and given the centralization of disease-related responsibilities inherent in the NAIS, failure to do so would significantly increase the risk of disease introduction and spread in the United States.

No analysis or evaluation has been conducted to determine if USDA has the capacity to implement the far-reaching NAIS, nor whether the NAIS is even likely to accomplish what proponents claim. Nevertheless, NAIS proponents offer no cogent explanation as to why an entirely new system of livestock disease control and eradication is needed rather than the more conservative and reasoned approach of continuing to build on the time-proven successes of preexisting systems, e.g., by taking steps to increase the use of preexisting animal identification devices within each of the 50 States to increase the numbers of identifiable livestock. Instead, NAIS proponents have employed tactics that both understate our nation's current disease preparedness and overstate what, at best, can only be responsibly described as an unknown effectiveness of the NAIS.

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[31] *See* Audit Report: Animal and Plant Health Inspection Service's Control Over the Bovine Tuberculosis Eradication Program, Report No. 50601-0009-Ch, September 2006, at 28-29.
[32] *See id.*, at 22, 25, 28.
[33] *See* R-CALF USA Testimony, at 3, fn 6.
[34] *See* Bioterrorism: A Threat to Agriculture and the Food Supply, U.S. Government Accountability Office (formally U.S. Government Accounting Office), GAO-04-259T, November 19, 2003.
[35] *See* Agricultural Quarantine Inspection Program: Management Problems May Increase Vulnerability of U.S. Agriculture to Foreign Pests and Diseases, U.S. Government Accountability Office, GAO-08-96T.

As previously stated in R-CALF USA prehearing testimony, USDA must refocus its efforts to prevent the introduction of foreign animal diseases by reinstating recently relaxed preventive measures. It is a contradiction for USDA and other NAIS proponents to claim that U.S. cattle producers must shoulder the burden of an entirely new disease program to protect the U.S. cattle industry from diseases while they simultaneously support the dismantling of U.S. disease prevention measures, as is evidenced by the USDA's over-30-month rule that allows animals of high-risk for BSE to enter the United States, the USDA's refusal to restrict the importation and movement of Mexican cattle that continue to reintroduce bovine TB into the United States, and the USDA's proposal to relax important FMD restrictions for Argentina.[36]

By working to improve the management-related deficiencies identified by both the OIG and GAO, and by following the recommendations R-CALF USA made in its prehearing testimony to improve the United States' ability to continue its historical successes in preventing, controlling, and eradicating livestock diseases, the U.S. will be well-prepared to effectively address future disease risks.

D. Misapprehensions Abound Regarding the Need for Improving U.S. Livestock Disease Prevention, Control, and Mitigation Strategies

During the Subcommittee's hearing, only a few livestock diseases and their respective epidemiologies were discussed. Members of the Subcommittee raised specific concerns, however, for diseases that would spread from livestock to humans, known as zoonotic diseases. FMD was discussed in the context of being perhaps the flagship zoonotic disease that would most justify NAIS. This is unfortunate as the underlying premise is false. According to USDA, "FMD is *not* recognized as a zoonotic disease."[37] Emphasis added.

Also during the hearing, allegations were made that the United States is behind other countries in implementing a NAIS. The AVMA claimed that Australia, the EU, Brazil, Argentina and Canada all lead the United States in beef traceability systems, implying that a lack of NAIS alone would disadvantage the U.S. vis-à-vis international trade.[38] This proposition is absurd. In 2008, for example, the USDA Foreign Agriculture Service (FAS) reported that Brazil had only 6,780 cattle farms registered in Brazil's new traceability system as eligible for exports to the EU.[39] However, the EU did not have confidence in Brazil's oversight of its registered farms and temporarily banned Brazilian beef imports.[40] Moreover, with the single exception of Australia, each of the listed countries has had chronic, widespread outbreaks of infectious diseases including FMD and BSE, indicating that the veterinary infrastructure, disease mitigation programs, and livestock husbandry practices in those countries were inadequate. Improved traceability in those countries, therefore, was deemed necessary as a substitute to their preexisting disease strategies, which failed to protect against disease epidemics. The U.S., on the

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[36] *See* R-CALF USA Testimony, at 18.
[37] APHIS Factsheet: Foot-and-Mouth Disease, USDA APHIS Veterinary Services, February 2007, available at http://www.aphis.usda.gov/publications/animal_health/content/printable_version/fs_foot_mouth_disease07.pdf.
[38] *See* AVMA Testimony, at 7.
[39] *See* EU Suspends Brazil Beef Imports; At Least Temporarily, GAIN Report, EU-27, Livestock and Products, 2008, USDA Foreign Agriculture Service, GAIN Report No. E48016, February 1, 2008, available at http://www.fas.usda.gov/gainfiles/200802/146293595.pdf.
[40] *See Ibid.*

other hand, has a well-developed veterinary infrastructure, highly effective and time-proven disease mitigation programs, and it continues to practice sound livestock husbandry practices.

It is also important to note that among the listed countries, only the U.S. and EU are not wholly dependent on exports to maintain the economic viability of their domestic cattle industries. Countries such as Australia, Brazil, Argentina and Canada each produce far more beef than is consumed within their respective countries.[41] The U.S. continues to under-produce beef for the domestic market and in 2008 it under-produced by 294,000 metric tones, the equivalent of about 648 million pounds of beef.[42] This explains why, in 2004, when U.S. beef exports fell to a 19-year low, prices paid to U.S. cattle producers for their cattle increased to the highest levels in history (not adjusted for inflation). As the chart in Appendix 1 clearly shows, beef exports have not historically driven prices paid to U.S. livestock producers. Congress must consider this important fact when, as here, USDA and other NAIS proponents erroneously claim that NAIS is essential to ensuring the economic viability of the U.S. cattle industry because it helps to maintain export markets. Though export markets are indeed important, R-CALF USA understands that the export market is a secondary market to the U.S. cattle industry and can and should be maintained through continued *voluntary* producer participation in beef export programs. NAIS is *neither* necessary *nor* appropriate for this purpose.

II. NAIS IS A RADICAL DEPARTURE FROM PREEXISTING U.S. DISEASE PROGRAMS

A. Preexisting Disease Programs Did Not Require Participation in NAIS' New Premises Registration Scheme

Contrary to assertions made by NAIS proponents, the NAIS envisions a radical new location identifier for determining the locations where livestock originate and a radical new registration process. The assertion made by the AVMA, for example, that "the information that will uniquely identify livestock premises is the same that is found in any phone book," is false.[43] The new USDA NAIS-driven regulations, made final in 2007, changed the preexisting definition of premises from one that identified an epidemiologically distinct livestock production unit, as determined by the State animal health official or local veterinarian, to one that is a geographically distinct location associated with an address, geospatial coordinates, and/or other location descriptors. This new location is no longer determinable by the local veterinarian, but rather, by the State, Tribal, and/or Federal animal health authority.[44] USDA states that at a minimum the following pieces of information would be maintained by States/Tribes:

1. Premises identification number (PIN);
2. Name of entity;
3. Contact person for premises;

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[41] *See* Beef and Veal Summary Selected Countries, USDA Foreign Agricultural Service, available at http://www.fas.usda.gov/psdonline/psdReport.aspx?hidReportRetrievalName=Beef+and+Veal+Summary+Selected+Countries&hidReportRetrievalID=49&hidReportRetrievalTemplateID=7.

[42] *See Ibid.*

[43] AVMA Testimony, at 8, 9.

[44] *See* R-CALF USA Testimony, at 9, 10.

4. Street address, city, state, and zip or postal code (or latitude/longitude coordinates) of the premises;
5. Contact phone number;
6. Operation type;
7. Date activated, date retired, and the reason retired (to determine whether animals still exist at the location); and,
8. Alternative phone numbers.[45]

Pursuant to new NAIS dictates, some States are now requiring the legal description of a producer's property be provided on the premises registration application form.[46] Obviously, this information is far more extensive than what would be found "in any phone book." R-CALF USA is additionally concerned that the authority of local veterinarians, who work closest with individual livestock producers to successfully prevent and control diseases, have been effectively stripped of their historical authority to determine appropriate location identifiers under NAIS.

B. Preexisting Disease Programs Did Not Infringe Upon the Rights and Privileges of U.S. Livestock Producers

What is perhaps the most successful of all preexisting disease programs – the program that eradicated brucellosis from all but a remaining wildlife reservoir – did not require livestock producers to participate in any form of national premises registration that required the assignment of a nationally unique number to their real property. Instead, the program focused on identifying individual animals with a unique number that visibly identified the State from where the animal originated as well as the local veterinarian that vaccinated and/or identified the animal. Records maintained at the State level enabled tracback to the owner of the animals and the particular production unit where the animal had been vaccinated and/or identified.

R-CALF USA believes the NAIS scheme that envisions mandatory premises registration, mandatory registration of each animal, and subsequent reporting requirements for animal movements is an unnecessary, over-the-top and highly intrusive Federal scheme that violates the rights and privileges of U.S. livestock owners. Not only does the NAIS scheme violate the expectation of privacy that every citizen enjoys, but also, R-CALF USA believes it constitutes the very type of government excess that is prohibited by the U.S. Constitution.

C. The Primary Identification System Envisioned Under NAIS Would Significantly Weaken U.S. Disease Traceability

The NAIS proposes to completely phase-out preexisting official numbering systems, including the highly successful numbering system used to eradicate brucellosis in all but a known wildlife reservoir, and supplant them with only the NAIS "840" numbering system.[47]

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[45] National Animal Identification System (NAIS) – A User Guide and Additional Information Resource, USDA APHIS, Version 2, December 2007, at 77, available at http://animalid.aphis.usda.gov/nais/naislibrary/documents/guidelines/NAIS-UserGuide.pdf.

[46] *See, e.g.*, State of Nebraska Premises Identification Registration Form, available at http://ne.locatein48.com/pdfs/Ag_RegForm.pdf

[47] *See* A Business Plan to Advance Animal Disease Traceability, USDA APHIS, Version 1.0, September 2008, at 18.

This would be a colossal mistake as the "840" numbering system, unlike the preexisting brucellosis numbering system, would preclude the initiation of a domestic disease traceback investigation until and unless animal health authorities could first access the NAIS database. This is because the only visible location identifier contained on the "840" eartag is the 840 number that denotes a U.S. country-of-origin. This visual information is useless for domestic disease traceability and only if animal health officials can gain access to the NAIS database would they be able to ascertain even the State from which the animal originated. Under the preexisting brucellosis numbering system, each State is uniquely and visually identified on the animal's eartag. In the event of a disease outbreak, an animal health official could immediately and visually identify the State from which a suspect animal originated and could contact the appropriate State animal health authority to immediately initiate quarantine procedures or other disease control strategies – even in the event of a natural disaster that could delay access to the NAIS database.

The NAIS, therefore, constitutes a centralization scheme that effectively puts all the eggs in one basket and relegates complete dependency on an unproven electronic database, which is inherently susceptible to errors and outages, for initiating disease traceback investigations. The use of the "840" numbering system eliminates the prudent redundancy incumbent to preexisting numbering systems that allows for the visual segregation of animals-of-interest in a disease outbreak – based on which of the 50 States the animal originated. The use of a numbering system that does not provide a visual means of narrowing a disease traceback within the continental U.S., in the event that access to the NAIS database is even temporarily untenable, is a fundamental and fatal flaw inherent to the NAIS that could likely lead to a failure to control an otherwise controllable disease outbreak.

III. THE RELATIONSHIP BETWEEN ANIMAL HEALTH AND FOOD SAFETY

U.S. livestock producers have long understood that safe and healthful meat originates with healthy livestock. This is why U.S. family farmers and ranchers have long supported and practiced sound animal husbandry practices and participated in livestock disease control and eradication programs, such as the brucellosis and bovine TB programs. And, this is why USDA's actions of knowingly increasing the risk of introduction of zoonotic diseases such as BSE and bovine TB are found so incongruous by livestock producers and consumers alike. The examples provided by R-CALF USA describing these incongruent actions – allowing high-risk Canadian cattle to comingle with the U.S. herd despite USDA's own base-case risk assessment that predicts the U.S. will import 19 BSE infected cattle from Canada over the next 20 years, and not restricting Mexican cattle from entering the U.S. although they are a known source of bovine TB – remain an unexplained phenomenon that directly undermines the efforts of family farmers and ranchers who endeavor to raise and produce healthy livestock. The NAIS would not rectify these high-risk policies and R-CALF USA seeks Congress' help to reverse them.

As R-CALF USA stated in its prehearing testimony, the legitimate food safety concerns evidenced by increased recalls of massive volumes of meat would likewise not be remedied by NAIS. These recalls are the result of the contamination of meat by pathogens during the slaughtering process, and the source of this contamination is the slaughtering facilities where

livestock are slaughtered, not livestock producers. R-CALF USA strongly encourages Congress to require food traceability for meat products so meat consumed by consumers can be traced back to the actual source of contamination.

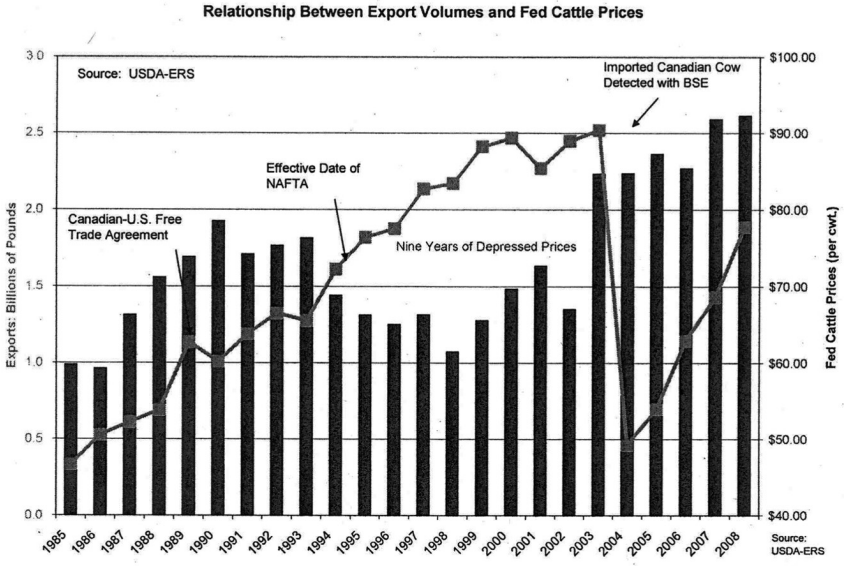
IV. CONCLUSION

R-CALF USA greatly appreciates this opportunity to include its post-hearing testimony in the official record of the March 11, 2009, Subcommittee hearing on "Review of Animal Identification Systems." Further, R-CALF USA respectfully encourages the Subcommittee to adopt the recommendations R-CALF USA made in its pre-hearing testimony to improve disease prevention, control, and mitigation practices in the United States.

Sincerely,

R. M. Thornsberry DVM

R.M. (Max) Thornsberry, D.V.M.
R-CALF USA President of the Board



Key: The bar graphs represent fed cattle prices
The line represents export volumes

SUBMITTED MATERIAL SUBMITTED BY DEBORAH STOCKTON, EXECUTIVE DIRECTOR, NATIONAL INDEPENDENT CONSUMERS AND FARMERS ASSOCIATION (NICFA)

March 4, 2009

Introduction:

The United States Department of Agriculture (USDA) has spent considerable taxpayer money and physical resources on the "National Animal Identification System" (NAIS), acting without Congressional mandate and creating widespread opposition from farmers, ranchers, livestock owners, homesteaders, consumers and agriculture supply businesses–a massive grassroots response that NAIS is a bad idea, unwanted, and not grounded in the reality of farm life, animal husbandry or healthy food.

What is the purpose of Animal ID?

A system of animal identification for disease traceback, sales, health, and breeding recordation has been in continuous use in the United States for well over a century. Refined during its extensive use, the current system, without NAIS components, has and does work well. Why create NAIS?

What is the purpose of NAIS?

The USDA's NAIS would require "premises registration" of any property where a single farm animal is kept; Radio Frequency ID tagging or microchipping of every animal; and reporting of every animal's movements presumably within 24 hours to a federal database under penalty of severe fine, confiscation of animals or both. NAIS proposes

- a national disease response network built to protect your animals, your neighbors, and your economic livelihood against the devastation of a foreign animal disease outbreak.

FACT: The USDA already has in place the network they claim NAIS will supplant.

The USDA's claim that "modern" technology will enable 48-hour traceback during disease outbreak is untenable. In reality, NAIS will not prevent disease because it does not address the *cause* of disease. Traceback can help track the movement of disease, but if a cataclysmic foreign animal disease outbreak occurred, NAIS will not improve on the current system for containment and quarantine.

Costs of NAIS

The monetary and time costs to implement NAIS are prohibitive for any but the largest industrial livestock producers. Small farms, that make up the vast majority of agricultural holdings, could not comply and sustain their operations. Farming in America would reduce to large industrial operations. Food costs would increase as monopolies increase. Food borne illness, statistically a product of industrial production and processing, would increase. Rural economies would suffer.

During this economic downturn, when small farms are the fastest growing agriculture sector, these expanding sources of employment and local food production would fail. At the same time, taxpayer burden would increase to pay for government agencies to oversee and enforce NAIS.

Cost of NAIS to small farmers and livestock owners

Partial estimated costs for NAIS according to the spreadsheet for an RFID system for cattle developed by Dhuyvetter and Blasi of Kansas State University in 2003 (wand reader price updated for 2009).

- 400 head or more of cattle: **$6.69** per head
- 100 head of cattle: **$18.07** per head per year.
- 25 head cattle: *$63.61* per head

NOTE: Cost for small producers is almost *10 times* that for large producers.

- Net Returns on Cow—Calf operations projected for 2009–2010 per cow: $-24.25, -47.92[1]. Combined with NAIS costs: projected net loss of $87.86— 111.53 per cow/calf. This does not include the **time** cost of implementing NAIS.

Results of 2007 US Census of Agriculture for percentage of small producers, who would be most impacted by NAIS.

[1] FAPRI 2007 U.S. and World Agricultural Outlook January 2007 FAPRI Staff Report 07–FSR 1 ISSN 1534–4533 Food and Agricultural Policy Research Institute Iowa State University University of Missouri-Columbia Ames, Iowa U.S.A., p. *121 www.fapri.missouri.edu/outreach/publications/2007/OutlookPub2007.pdf*

- 90% of beef producers own fewer than 100 cattle each
- 70% of pork producers own fewer than 100 hogs
- 91% of sheep producers own fewer than 100 sheep
- 93% of egg producers own fewer than 100 poultry.

These figures correlate with the conclusions of Buhr and Resende-Filho in their presentation at the 2006 International Association of Agricultural Economists Conference. Their total projected cost of NAIS per quarter for just the beef and pork sector was $27.5 million, that far outweighed the projected increase in revenue of $10.42 million. They concluded with this statement: "If the defense of the NAIS is based on its effect on the demand side of the market for meats it is expected that the US Federal government will need to pay for a great part of the costs with the NAIS; otherwise the NAIS is likely to be economically unfeasible in the US." This statement is more relevant in 2009 with the economic challenges that ALL small producers face.

Case: A small producer/homesteader (actual example)

Sabo Family in Southern Illinois. Livestock: 9 milk goats, 10 goat kids, 2 goat bucks, guardian donkey, 2 feeder steers. Provides food for 3 adults, 4 children, along with ¼ acre garden, 80% of family food.

- Operating cost FY 2008: grain, supplements, hay, veterinarian expenses: $3,007
- Return on investment: 275 lbs livestock protein, 380 gal. goat milk, 100 lbs soft cheese (I.e. Cream Cheese), 130 lbs hard cheese (Cheddar, etc), organic matter to maintain garden production.
- Current market cost of items produced for personal use: $16,569.95.

Breakdown:

- Protein @ $5.22 per pound ($1435.50): Goat Milk @$3.86 per quart ($5,867.20); Soft Cheese @ $21.92 per pound[2] ($2,192), Hard Cheese @ $54.43 per pound[3] ($7,075.25)
- Projected additional cost of NAIS enrollment: $4,024 initial investment[4] with annual cost fluctuating $2,871—$3,981 Dependant upon livestock "events," database management costs increases, and as yet unknown producer participation cost requirements for the "Free" National Animal Identification System (renewal, reporting, redress).

Conclusion: Operating costs first year would increase 133.82%. Combined with economic downturn in the United States economy, increased feed costs due to redirection of feed grain to Biofuel development and increased farm costs to produce hay, mandatory enrollment would be counter-productive to the individuals involved due mainly to cost constraints. Basically, it would be impossible.

This producer would be required to purchase of an additional $16,569.95 of foodstuffs on an annual basis. Point of interest: The annual Mortgage payment of this individual is $13,584. The amount spent for food on an annual basis would exceed the Mortgage cost. This does not include the loss of supplemental organic matter to maintain garden plot for production of vegetable and fruit products. Author was unsure of where to source compost.

Cost to Rural and Local Economies

- As small farms disappear, counties and states will experience loss of taxes
- Stores selling local farm products will have to "outsource" to non-local
- Farm support businesses will lose their primary customer base

Cost to Consumers

Case: Diederichs. Family of six in the suburbs of Chicago who sources much of their family food from local farms, farmer's markets and neighbors. "I know that every particle of my family's hamburger came from the same healthy, local steer. It is impossible to put monetary value to peace of mind"__ Sue Diederich, mother

- 2008, 1 year's supply of beef for family of six: $1115.41 (a half steer)
- NAIS impact on farmer expected to increase that amount to $2000.00[5]

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[2] Current 3/1/9 market source Whole Foods, St. Louis, MO data used @ $21.92 per pound

[3] Sourcing price–shipping required as no local sourcing for this product: *http://www.amazon.com/Sterling-Goat-Milk-Cheddar-Cheese/dp/B0000DG6XY*

[4] *http://www.freetofarm/extras.html: Appendix A–2.*

[5] USDA figures—profit per calf: *http://www.ext.nodak.edu/extnews/newsrelease/2003/061903/02beefta.htm.* Note: Mean off 20% lowest and 20% highest for inputs: $417.50 inputs cow/calf, same for sale of 500 pound calves: $405.00 so already at a loss of $ -12.50 for calf growers in '08. Add the cost of id to this and realize 30% of our beef comes from herds with less

Continued

NOTE: The same increase applies to chicken, lamb, turkey, pork, eggs, milk and other dairy products fish and shellfish [6]

IMPACT ON GARDEN AND PRODUCE:

- Quality produce depends on natural inputs, especially manure of nearby livestock farms. Costs for manure will also increase, if it can be sourced locally at all. Small produce farms will lose their sources or leave the business.

IMPACT ON NON-FOOD CONSUMER GOODS:

- All clothing and other items made from animal hides or fibers will increase in price.
- Some 1500 different consumer products manufactured with milk casein as an ingredient__adhesives to paint and pharmaceuticals (Venus Casein Products [7]) will increase in price.
- Vaccinations for childhood diseases, flu. pneumonia, and more contain ingredients (legally necessary in some cases)from cattle and/or chickens (Vaccine Excipient [8]) that will increase in price

CONSUMERS WITH EXTRAORDINARY BURDEN FROM NAIS:

- Senior citizens, many on fixed incomes will become more dependent upon all levels of government for assistance. Single parents, also already economically disadvantaged, will do the same.

Conclusion: With U.S. population increasing daily, demand will increase as supply decreases, putting extraordinary pressure on the remaining farmers, affecting all consumers, and government agencies at all levels, and forcing a remedy for a situation that should never have happened. Given the economic situation, many American families will be imperiled by this program.

Problems with similar systems in other countries

IN AUSTRALIA

- Costs to Sale Barns: In excess of $30,000 even with subsidizing [9]
- Excessive Fines:
- Stephen Blair, cattle producer, fined $17,300 for incorrectly tagging 177 head of cattle: Mr Blair was fined $1800 under the Stock Diseases Act and ordered to pay court costs of $15,500. [10]
- $500 fine for eight cattle lacking proper identification [11]

IN THE UK

- Healthy Herd of 567 Head Destroyed for Clerical Reasons

In March, 2007 Cheshire, UK dairy farmer David Dobbin's prize-winning registered dairy herd was destroyed by DEFRA for undefined "irregularities" in "some" paperwork regarding the identification of his cattle under the EC system. DEFRA confiscated the cattle passports which are to bear the eartag number of the individual animal on the RFID document, then confiscated his cattle telling Dobbin he had 48 hours to positively identify the animals, no longer in his possession, via DNA or they would be destroyed. As per EC regulation 494/98, no indemnity was paid. The herd was valued in excess of 500,000 pounds and was destroyed in March of 2007. [12]

Premises Registration and RFID Tagging:

- Enrollment in NAIS requires a landowner to register his property as a "premises," by signing a contract of unspecified duration and unclear legal meaning. Most farm owners object to this and refuse to enroll.
- The "840" registration prefix for RFID tagging is a U.S. designation. NAIS is an *international* system.

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than 50 head and you can see the problem immediately. Also *http://www.fapri.missouri.edu/outreach/publications/2007/OutlookPub2007.pdf* Note: page 137 shows a loss of -$24.25 for 2009 and a profit of $9.20 for 2008

[6] NAIS Draft Business Plan: *http://animalid.aphis.usda.gov/nais/naislibrary/documents/plans__reports/TraceabilityBusinessPlan%20Ver%201.0%20Sept%202008.pdf.* Also NAIS User Guide: *http://animalid.aphis.usda.gov/nais/naislibrary/documents/guidelines/NAIS–UserGuide.PDF*

[7] Venus Casein Products, Inc: *http://www.venuscasein.com/*

[8] Vaccine Excipient & Media Summary, Part 2—Excipients Included in U.S. Vaccines, by Vaccine; *http://www.cdc.gov/vaccines/pubs/pinkbook/downloads/appendices/B/excipient-table-2.pdf*

[9] *http://www.abc.net.au/news/stories/2006/07/14/1686569.htm*

[10] *http://theland.farmonline.com.au/news/nationalrural/livestock/Cattle/cattle-producer-ordered-to-pay-17300-for-nlis-tag-breach/798558.aspx*

[11] *http://www.abc.net.au/news/stories/2006/10/16/1765737.htm*

[12] *http://www.telegraph.co.uk/news/uknews/1545862/Christopher-Bookers-notebook.html*

- The database for premises registration for the state of Wisconsin, and possibly for the entire country, is being held in Canada. [13]

Insofar as the database exists outside the jurisdictional authority of the United States, how can producers ascertain the sanctity of this information when the 1974 Privacy Act does not extend beyond U.S. borders? Who has access to this information? We would never be able to determine that information.

NAIS Enrollment:

- USDA alleges 33/% enrollment of U.S. livestock holding properties
- Actual number closer to 9.7%

As of March 2009 the USDA alleges over 33% of livestock holding properties are registered as "premises" in NAIS. Many of these are multiple unit enrollments, livestock auction facilities that own no cattle, custom feed lots, rodeo arenas, USDA employees, state DOA extension agents, livestock owners who are unaware they are enrolled and producers who are in the process of "Opting Out." Some youth have been forced to "enroll their property" before a single goat or lamb could qualify for government controlled state fair competition. Western Horseman Magazine has the largest circulation of any livestock publication in the world. In their online poll, June of 2008, based on thousands of votes, revealed over 93% of animal owners, if given a choice, would refuse to comply with any component of NAIS.

- USDA press releases and staff state a number of 1.4 million livestock raising operations exist in the US.
- The 2007 US Ag census, plus data from the American Horse Council, plus farms with below $1000 in annual sales bring the correct number to at least 3,910,022. The category with the greatest growth recorded in the 2007 census was cattle owners of one to nine head and the under $1000 income group. Small farms are growing in numbers faster than all others.

Calculating the actual number of all real farms, total NAIS alleged enrollments minus the multiple enrollments and adding the under $1000 income farms, the percentage of enrolled farm owners in the US is not 33% but, in fact, less than 9.7%.

Conclusion

The USDA has spent over $138,000,000 for state cooperative agreements and NAIS sign up incentive programs. Its 28 USDA branches, including the Farm Service Agency, County Extension offices and USDA licensed professionals, have dedicated untold hours to coerce new enrollments in NAIS. The cost to USDA per NAIS enrolled farm owner is well over $360 each to date.

NAIS is the result of looking for trouble, not finding it anywhere, diagnosing it incorrectly, and applying costly, bogus remedies. Never has such a USDA grandiose plot been attempted with less user approval, less convincing value, and such distorted numbers used to spin the program.

Solution

Industrial agriculture created NAIS to benefit industrial agriculture. We support private industry creating and maintaining a system like NAIS for its own use and benefit. If the system is cost effective, it will pay for itself. If it is not cost effective, forcing small farmers and taxpayers to pay for it makes no sense.

CONTACT:
Deborah Stockton, Executive Director
National Independent Consumers and Farmers Association (NICFA)
www.NICFA.org info@nicfa.org [REDACTED]

[13] Obtained by a producer in Wisconsin under Open Records law, pursuant to WI open records statute. Available by request. E—mail *info@nicfa.org*.

SUPPLEMENTAL MATERIAL SUBMITTED BY JOHN R. CLIFFORD, D.V.M., DEPUTY ADMINISTRATOR, VETERINARY SERVICES, ANIMAL AND PLANT HEALTH INSPECTION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

BENEFIT-COST ANALYSIS OF THE NATIONAL ANIMAL IDENTIFICATION SYSTEM

NAIS BENEFIT-COST RESEARCH TEAM

JANUARY 14, 2009

ACKNOWLEDGEMENTS

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NAIS BENEFIT-COST RESEARCH TEAM

Dale Blasi, Professor, Animal Sciences and Industry, Kansas State University

Gary Brester, Professor, Agricultural Economics, Montana State University

Chris Crosby, Graduate Student Agricultural Economics, Kansas State University

Kevin Dhuyvetter, Professor, Agricultural Economics, Kansas State University

Jennifer Freeborn, Graduate Student Agricultural Economics, Kansas State University

Dustin Pendell, Assistant Professor, Agricultural and Resource Economics, Colorado State University

Ted Schroeder, Professor, Agricultural Economics, Kansas State University

Gary Smith, Professor, Animal Sciences, Colorado State University

Jeri Stroade Extension Specialist, Agricultural Economics, Kansas State University

Glynn Tonsor, Assistant Professor, Agricultural, Food, and Resource Economics, Michigan State University

APHIS Project Coordinator:

John Wiemers, National Animal Identification Staff, APHIS - USDA

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EXECUTIVE SUMMARY

PURPOSE

The purpose of this study was to conduct a benefit-cost analysis of the United States National Animal Identification System (NAIS). The NAIS is a voluntary federal animal identification system operated by the Animal and Plant Health Inspection Service (APHIS) of the United States Department of Agriculture (USDA). NAIS is designed primarily to protect the health of the nation's livestock and poultry to enhance animal health and maintain market access. The three components of NAIS are: 1) premises registration, 2) animal identification, and 3) animal movement tracking. Objectives of this study included estimating benefits and costs of adopting NAIS by the livestock and poultry industries as well as determining how net benefits are likely to be allocated among industry sectors, consumers, and government. The benefit-cost analysis focuses on impacts of NAIS adoption in the bovine, porcine, ovine, poultry, and equine industries.

PROCEDURE

The approach included:

1. Assimilating a comprehensive set of published literature associated with aspects of animal ID and tracing.
2. Synthesizing a broad set of information on expected benefits, costs, challenges, recommendations, and concerns associated with NAIS adoption from personal meetings and phone conversations of our research team with industry and government stakeholders. The research team completed in excess of 50 interviews with more than 100 industry and government stakeholders.
3. Developing direct cost estimates of adoption of NAIS practices by firms operating in the bovine, porcine, ovine, poultry, and equine industries.
4. Using the direct cost estimates to determine short-run and long-run societal benefits and costs and who realizes the associated benefits and costs of adoption of NAIS practices by the bovine, porcine, ovine, and poultry industries under a variety of scenarios.

SUMMARY RESULTS: BOVINE, PORCINE, OVINE, AND POULTRY

Estimated costs of adopting bookend or full tracing NAIS practices by species for an average operation in selected industry segments are summarized in table 1. A bookend system refers to simply identifying the animal individually or in group/lot fashion at its birth premises and then terminating the record at the packing plant when the animal is processed, with no intermittent tracing or recording of animal movement. A full tracing system refers to the bookend plus also tracing and recording movements of animals (individually or by group depending on species) through their lifetime as they change ownership.

For a typical dairy cow operation, total cost of a bookend system would be $2.47 per cow and full tracing $3.43 per cow annually. A large portion of the costs for dairy cow operations are costs of individual electronic tags for calves for a bookend system plus scanning costs for a full tracing system. The typical beef cow operation would incur higher cost than the typical dairy producer with a $3.92 per cow bookend adoption cost and a $4.22 per cow full tracing cost. Other segments of the beef industry (i.e., backgrounders, feedlots, auction markets, and packers) incur much smaller costs than the cow sector because their main costs are replacing lost tags for a bookend and incurring scanning costs for full tracing.

Porcine adoption costs of bookend and full tracing are much smaller than bovine costs because porcine utilize primarily group identification by pen or lot rather than individual animal identification (with the exception of cull breeding animals that use individual identification). For a typical farrow-to-wean operation, annual costs of a bookend system are $0.01 per animal sold and a fully tracing system costs $0.025 per animal sold.

Ovine operations would use group identification for lambs but individual identification for breeding animals. Annual costs to adopt a bookend system would be $0.71 per animal sold and to adopt a full tracing system would be $1.07 per animal sold.

Poultry operations would utilize exclusively lot identification systems and have relatively low adoption costs of about $0.02 per animal sold annually for layers and $0.001 per animal sold for broilers.

Table 1. Average Annualized Adoption Costs of NAIS per Animal

Species/Segment	Units	Bookend	Full Tracing
Bovine			
Dairy Cow	($/cow)	$2.468	$3.433
Beef Cow	($/cow)	$3.919	$4.220
Backgrounding	($/hd sold)	$0.233	$0.710
Feedlot	($/hd sold)	$0.204	$0.509
Auction Markets	($/hd sold)	$0.000	$0.230
Beef Packers	($/hd sold)	$0.099	$0.099
Porcine			
Farrow-to-Wean	($/hd sold)	$0.010	$0.025
Farrow-to-Feeder	($/hd sold)	$0.010	$0.028
Farrow-to-Finish	($/hd sold)	$0.031	$0.126
Wean-to-Feeder	($/hd sold)	$0.000	$0.007
Feeder-to-Finish	($/hd sold)	$0.002	$0.012
Packers	($/hd sold)	$0.001	$0.001
Ovine			
All operations	($/hd sold)	$0.709	$1.065
Poultry			
Layers	($/hd sold)	$0.019	$0.019
Broilers	($/hd sold)	$0.001	$0.001
Turkeys	($/hd sold)	$0.002	$0.002

As industry adopts a new information technology and incurs direct adoption costs, adjustments occur in market supply and demand and associated prices and quantities at every level of the vertical market chain from producers through consumers including the export market. In particular, adoption of NAIS shifts supply curves to reflect added costs and shifts demand curves to reflect changes in market access associated with industry adoption of NAIS practices. These shifts in market supply and demand determine who ultimately absorbs benefits and costs of NAIS adoption. To determine net benefits and costs of NAIS adoption, we evaluated numerous scenarios of market responses to varying industry adoption rates.

The first set of scenarios compare doing nothing (status quo) to adopting full animal tracing for just the bovine sector. The bovine sector is the focus here because it is it the sector among bovine, porcine, ovine, and poultry that would incur the largest adoption cost of NAIS practices. Under the status quo scenarios, we further explore what the impacts are if by doing nothing we also lose export market access. We are likely to lose export market access over time if we do not adopt NAIS practices, even without any major market or major animal disease event, because the international marketplace is making animal identification and tracing systems the norm and any country that does not conform will have less market access.

Table 2 summarizes the total loss per head to producers in the beef sector, after all markets adjust as a result of not adopting NAIS practices (i.e., status quo) under 0%, 10%, 25%, and 50% permanent export market losses for beef. If we do nothing to adopt NAIS, and nothing happens to export markets, the result is no cost, no market loss. If we do nothing and we lose market access, which we believe is likely, the beef industry will suffer losses. The losses would amount to $18.25 per head if we do not adopt NAIS and we lose 25% of export market share. To put this into perspective, this would be about like losing access to the South Korean export market at 2003 export market shares.

Table 2. Net Annual Loss in Beef Producer Surplus from Status Quo with Varying Export Market Losses

Export Market Loss Incurred			
0%	10%	25%	50%
($/head sold)			
$0.00	-$7.31	-$18.25	-$36.47

The second set of scenarios address what happens if the industry adopts full animal tracing in the bovine sector, and as a result, is able to avoid losing beef export market access. Table 3 summarizes this set of scenarios under varying full bovine tracing adoption rates. The diagonal values of the table are underlined to highlight that as adoption rate increases, more of the export market share is likely to be retained. If 30%

adoption of full tracing occurred and the export market loss that was saved is 0%, the producer losses would be $3.72 per head reflecting adoption costs. If adoption rate was 70% and this resulted in saving 25% of the export market, the benefit (net of costs) of full tracing adoption to beef producers would be $9.26 per head.

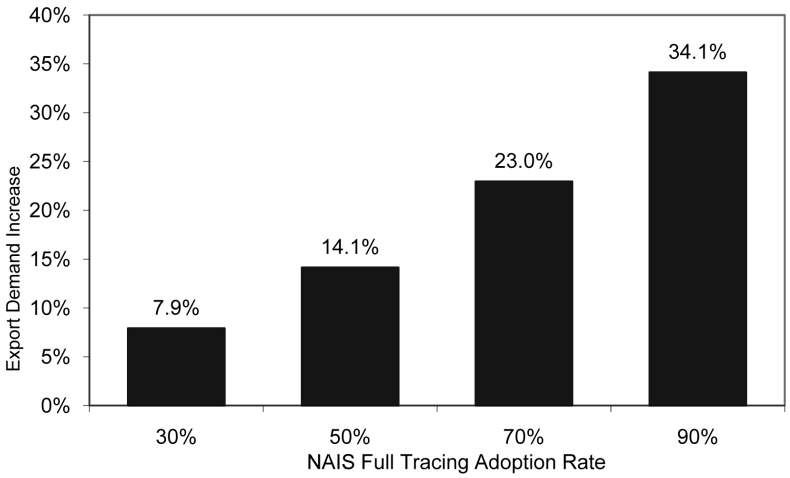
Table 3. Net Annual Gain in Beef Producer Surplus Under Varying Adoption of Full ID and Tracing Rates

Full Tracing Adoption Rate	Export Market Loss Avoided			
	0%	10%	25%	50%
	($/head sold)			
30%	**-$3.72**	$3.59	$14.53	$32.74
50%	-$5.62	**$1.70**	$12.63	$30.85
70%	-$8.99	-$1.68	**$9.26**	$27.47
90%	-$15.02	-$7.71	$3.23	**$21.45**

Additional scenarios included estimating the size of beef export demand and domestic beef demand gains that would each individually just completely pay for NAIS adoption by producers in the beef industry.

The magnitude of beef export market demand increase that would encourage beef producers (cow/calf, backgrounders, feeders, dairy, auction markets, and packers) to adopt full animal ID and tracing is shown in figure 1. Full animal ID and tracing with 30, 50, 70, and 90% industry adoption rates could be completely paid for with increases in beef export demand. A 23% increase in beef export demand would completely pay for 70% adoption of full animal ID and tracing in the US beef herd over a 10-year period. No other benefits beyond these would be necessary to make the investment in NAIS economically viable.

FIGURE 1. CHANGE IN BEEF EXPORT DEMAND NEEDED SO THAT WHOLESALE BEEF, SLAUGHTER CATTLE, AND FEEDER CATTLE SECTORS DO NOT LOSE ANY CUMULATIVE PRESENT VALUE 10-YEAR SURPLUS OF FULL TRACING BY ADOPTION RATES



Research indicates that domestic beef demand is likely to be greater for products having animal ID and traceability. Small increases in domestic beef demand, with all else constant, would also completely pay for full animal ID and tracing in the beef industry. Figure 2 shows the increase in domestic beef demand needed to just pay for cattle and beef producer investment in full animal ID and tracing with 30, 50, 70 and 90% adoption rates. A one-time 0.67% increase in domestic beef demand would be enough to fully pay for 70% adoption of cattle ID and tracing, with no other benefits, over a ten-year period. This is a modest increase in beef demand needed to pay for animal ID and tracing relative to the results found in previous studies of more than 5% higher demand for fully traceable meat products. With 70% NAIS adoption of full animal tracing and a 0.67% increase in domestic beef demand, all producer and consumer sectors of beef, pork, and poultry gain economic surplus and lamb producers and consumers lose a small amount of economic surplus. The overall societal gain under this scenario (producer plus consumer surplus) is a 10-year cumulative net present value of $7.2 billion. In other words, NAIS adoption would result in large positive net returns to

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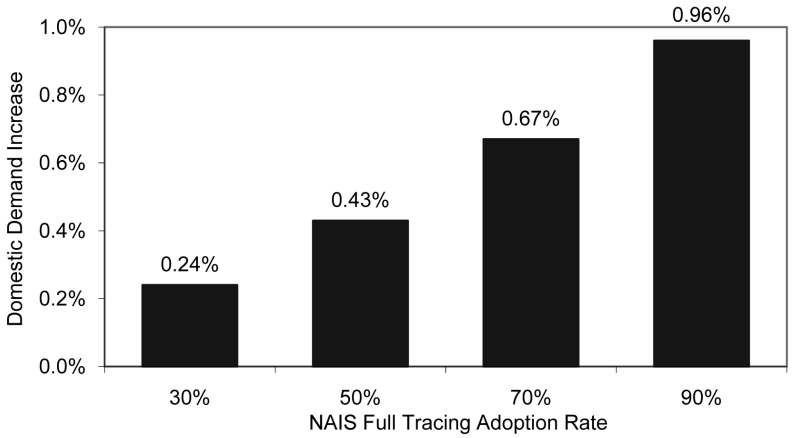
producers and consumers with a very small increase in domestic beef demand resulting from NAIS adoption.

FIGURE 2. CHANGE IN DOMESTIC BEEF DEMAND NEEDED SO THAT WHOLESALE BEEF, SLAUGHTER CATTLE, AND FEEDER CATTLE SECTORS DO NOT LOSE ANY CUMULATIVE PRESENT VALUE 10-YEAR SURPLUS OF FULL TRACING BY ADOPTION RATES



Whether the presumed market gains would be realized with the various NAIS adoption rates for full animal ID and movement tracing is uncertain. However, the assumed demand enhancements are within the realm of probable outcomes suggesting NAIS adoption in bovine, porcine, ovine, and poultry industries, as a whole, offers substantial net economic benefits to producers over a 10-year period. Though economic impacts of NAIS adoption are not positive for all sectors of all four species or all market participants as reported in detail in Section 9, overall total net benefits are positive.