



## Canada's BSE case becomes a breeding ground for other issues.

by Barb Baylor Anderson

**C**onfirmation of a beef cow with bovine spongiform encephalopathy (BSE) in Alberta, Canada, this spring has ignited discussion about country-of-origin labeling (often referred to as COL or COOL), animal identification, markets and more this summer.

Officials in both Canada and the United States were quick to address the discovery of BSE to minimize possible repercussions.

The U.S. Department of Agriculture (USDA) immediately banned ruminants and ruminant products from Canada and confirmed that the cow had never been in the United States.

Canadian officials began tracing the cow's background, finding the cow's mother and offspring. As of June 3, 17 farms in Alberta, Saskatchewan and British Columbia had been quarantined, including the main herd, *trace-forward* herds where animals from the main herd were sent, *trace-back* herds where animals had been and three other herds connected to feed materials the infected cow may have consumed.

Canadian officials have been conducting an epidemiological investigation, euthanizing

animals and determining if there are more infected animals. The BSE case is the first in a decade in Canada. (In 1993 a cow imported from Britain was also found to be infected with BSE.)

"It's important to note that it was found in one cow, in one herd, and that cow never entered the food system," said Terry Stokes, National Cattlemen's Beef Association (NCBA) CEO, shortly after the incident occurred. As of June 3, NCBA reported that 700 of 1,160 samples submitted for testing were found to be negative for BSE.

### Long-term impact unknown

It may be only "one cow," but shares in such beef-related companies as McDonald's Corp. and Tyson Foods Inc. fell sharply in response. Cattle futures also plummeted, although they have since been supported by other market news. U.S. wholesale beef prices and packer margins jumped in June, as international beef buyers scrambled to meet short-term beef needs at a time when U.S. beef sales were up due to summer grilling demand.

But the long-term market impact is yet

unknown, says Jim Mintert, Kansas State University (K-State) ag economist. When BSE was found in Europe and Japan a couple years ago, consumer beef demand dropped for some time.

"Only time will tell how large the impact on demand will be, but it could depend on whether additional BSE cases are found in Canada," he says. "U.S. cattle and beef supplies could wind up lower as a result of the suspension of beef and cattle imports from Canada and Canada's likely loss of other major export markets, including Japan."

Mintert notes that U.S. net cattle imports from Canada last year totaled 1.55 million head, representing about 4.3% of all cattle slaughtered in the United States.

Other market analysts have similar thoughts.

Roger Norem, AgriVisor Inc. of Bloomington, Ill., expects the market to "weather the short-term storm and get through the situation relatively well," barring other problems.

Mike Zuzolo, Risk Management Commodities Inc. of Lafayette, Ind., says that if the ban on Canadian imports isn't lifted this summer, he will consider "ratcheting down third- and fourth-quarter price expectations about 25¢ per hundredweight (cwt.) for every month the ban lasts." Zuzolo says the live-cattle futures market would react negatively to sustained higher beef prices and weaker consumption.

### Country-of-origin fodder

As the markets digest the BSE finding, some industry groups are using the calamity as fodder for promoting their positions on other issues, including the controversial country-of-origin labeling debate.

Bob Mack, South Dakota Stockgrowers Association Region 2 vice president from Watertown, says the situation reinforces the plea of beef producers and consumers for a workable country-of-origin labeling law. "We're considering this a warning. We urge USDA to act quickly and effectively to strengthen all border inspection and to heighten their awareness of the meat and livestock products entering the country," he says.

Dave Frederickson, National Farmers Union (NFU) president, says country-of-origin labeling would "help reassure consumers and our markets . . . Consumers would be armed with information to make educated decisions instead of decisions based on fear and doubt."

He adds, "mandatory country-of-origin labeling would allow U.S. agricultural producers to differentiate themselves from countries that may have disease or food safety concerns . . . expand the level of

consumer choice, confidence and knowledge in the retail marketplace, and potentially increase demand for U.S.-origin commodities.”

Some proponents of country-of-origin labeling interpreted findings of a recent Colorado State University (CSU)/University of Nebraska study about consumer perceptions of country-of-origin labeling to suggest that consumers want such labeling on beef products and are willing to pay more for such products. The study’s authors, however, were quick to point out the findings were widely misinterpreted. The study was actually conducted to examine if, in isolation of other beef attributes, consumers expressed interest in country-of-origin labeling. The study found country-of-origin labeling ranked eighth out of 17 items queried, well behind freshness and food safety inspection.

“It occurs to me that we need to be concerned about food safety and traceability,” says Wendy Umberger, assistant professor of ag economics at CSU, about the small-sample study. “COOL is not the answer for food safety. COOL is in the middle of the attributes consumers appear to desire. Freshness and food safety appear to be the No. 1 considerations.”

Meanwhile, the National Farm Animal Identification & Records (FAIR) group says the cow found with BSE in Canada reinforces the need for a national animal identification (ID) program.

“A potential threat to our livestock industry is now just across our northern border,” says John Meyer, Holstein Association CEO. “Based on recent developments, National FAIR is no longer just a good idea; it’s vital to the security of our nation’s livestock supply.”

The National FAIR program advocates placing ear tags with a radio-frequency device and a unique, individual number in the animal’s ear at birth. Information is then recorded in the National FAIR database, and the animal’s location is noted each time information is read from the tag.

Lisa Ferguson, senior staff scientist at USDA’s Animal and Plant Health Inspection Service (APHIS), says ID is important in any disease-control program.

“We have had animal ID programs and a very strong prevention and surveillance program in place in the U.S. since 1990, and we’ve been working with the industry and other bodies recently to help improve that program,” she says. “That’s been going very well, and this will only increase the awareness and continue that process.”

## Lessons to be learned

Just as important as resolving the current situation in Canada, experts say, is learning

## U.S. feed protection

The U.S. government tries to stay ahead of the curve in heading off potential problems with bovine spongiform encephalopathy (BSE):

- ▶ In 1989, the U.S. Department of Agriculture (USDA) banned imports of cattle and cattle products, including ruminant-derived feed supplements, from any country that has BSE.
- ▶ In 1997, the Food and Drug Administration (FDA) banned the use of feed containing meat-and-bone meal from cattle and other ruminant animal species that can be affected by transmissible spongiform encephalopathies (TSEs).
- ▶ Today, the FDA inspects feed manufacturers to ensure no prohibited animal protein enters ruminant feed.
- ▶ Feed import inspection procedures ensure imports do not contain prohibited animal protein.

— Source: National Cattlemen’s Beef Association (NCBA)

from the experience and protecting U.S. cattle industry interests for the future.

Stephen Sundlof, director of the Food and Drug Administration (FDA) Center for Veterinary Medicine (CVM), stresses that knowing the feed source is important since BSE is only transmitted through feed. “Where the feed came from [in Canada] when the animal was initially infected, my sense is that’s going to be almost impossible to trace back,” he notes. “If you had to trace back food that you ate six years ago, for instance, or four years ago, how would you ever begin to do that? It’s very difficult.”

One solution is to follow government feed rules in the United States and avoid ruminant-derived feed products like meat-and-bone meal, he adds. “We spend a lot of effort in making sure that there is good industry compliance with that rule, so we should not have a case of BSE in the U.S.,” Sundlof confirms, adding federal agencies and states are prepared to handle BSE if it should ever be found in the United States.

“We’ve had three simulations — mock

emergencies — regarding BSE. Federal agencies, states and other folks have been brought in and [have] gone through these simulation exercises, so that we are all calibrated and prepared in the event that a case does show up,” he says.

Bobby Acord, APHIS administrator, agrees that the United States is doing what it can to prepare for the future. “I think what we have to do is stick with the system that has worked for us. We will work jointly with the Canadians on a system that’s going to be workable for North America.”

Mintert encourages cattle producers to keep an eye on the current situation, especially if additional BSE cases are found in the future.

“If authorities find more BSE in the next few weeks or months, that could have a much more serious effect on cattle and beef demand and prices,” he says. “Ultimately, the impact will depend on how consumers in the U.S. and in major beef-importing countries respond. To determine that, we’ll have to wait and see.”

