

Policy Pennings by Dr. Daryll E. Ray

BSE and the North American cattle market

The December 29, 2004 announcement by the United States Department of Agriculture (USDA) of the decision to recognize Canada as a minimal-risk region for bovine spongiform encephalopathy (BSE) (making it eligible to export cattle to the US) has generated its share of discussion on all sides of the issue. This is especially true given that the next day Canada announced the finding of an animal that they suspected had BSE. On January 2, 2005, the Canadian Food Inspection Agency “confirmed that an older dairy cow from Alberta, Canada, has tested positive” for BSE.

The decision will allow for “imports of live cattle under 30 months of age and certain other commodities” from Canada because it has been designated as a “region with effective . . . BSE prevention and detection measures.” Canada was given this designation despite a report in *The Vancouver Sun* that Canadian feed inspectors had found that 41 out of 70 vegetable-based feed samples contained animal materials that were not identified on their labels. While not all of the animal materials can be attributed to ruminants, it does identify a possible weakness in the Canadian feed system.

Stepping up to the plate to support the opening of the border for beef trade was the National Cattlemen’s Beef Association (NCBA) which issued a press release saying that “the USDA should continue with its plans to open the US/Canadian border for beef trade.” American Meat Institute (AMI) President J. Patrick Boyle said the industry welcomed the action, but thought it should go further. “Science and international beef and cattle trading guidelines set by the Office of International Epizootics (OIE) both say that U.S. should permit imports of Canadian cattle regardless of age. It is long past time for USDA to take a leadership role in operating within these international guidelines.”

On the other side of the argument, R-CALF USA CEO, Bill Bullard, argued that with three Canadian cattle testing positive for BSE “importing cattle and beef from Canada should not be considered any less hazardous than importing cattle and beef from many BSE-positive European countries.” The National Farmers Union President Dave Frederickson called the opening of the border “premature and unacceptable.”

What is really going on here? Why the push to open the border when there are still questions about the safety of the Canadian beef market?

It is very clear that the packers and processors of beef want to view North America as a single seamless market in which cattle and beef products are moved from the US to Canada or from Mexico to the US in the same way that cattle are moved from Alabama to feeding operations in Kansas and beef is moved from a packing house in the Great Plains to restaurants on the East Coast.

By viewing the North American beef market as a single entity, cattle can be moved from a cow-calf operation to a feeding operation to finish no matter where in North America those operations might be. The cattle can be moved back and forth across the borders in search of the lowest cost operator. In the search for the cheapest beef, open borders provide the beef industry with more options. The goal is to provide the lowest cost product from birth to the table.

From that perspective, the positions of NCBA and AMI on how to treat the problem of BSE in Canada becomes self-evident. They want the borders opened as quickly as possible with, arguably, less than the most rigorous requirements.

It also explains their opposition to Country of Origin Labeling (COOL): Labeling as to country of origin gets in the way of their goal to create a single, seamless beef market for domestic and international consumers alike.

As has appeared to be the trend of late, some organizations representing farm interests have seemed to have morphed from being guardians of domestic concerns to implicit proponents of least-cost-sourcing of agricultural products for private multinational companies and international consumers. There is nothing wrong with that, of course, as long as organization positions and associated implications are transparent to all affected.

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