

**Ranchers-Cattlemen Action Legal Fund –  
United Stockgrowers of America  
(R-CALF USA)  
Kenny Fox, Rancher and Member  
Belvidere, South Dakota  
Before the  
U.S. House of Representatives Committee on Agriculture  
On the Development of a U.S. Animal Identification Plan  
August 17, 2004**

Good Afternoon Chairman Hayes, Ranking Minority Member Ross, and Members of the Committee, I am Kenny Fox, a cattle rancher from Belvidere, South Dakota, and I appreciate the opportunity to provide comments on the development of a U.S. Animal Identification Plan. I am here today representing the Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA). R-CALF USA is a non-profit trade association representing more than 53,000 independent cattle producers, about 11,000 of whom are individual members of R-CALF USA in 46 states, and over 42,000 are members of R-CALF USA's 60 affiliated organizations. R-CALF USA is dedicated to ensuring the continued profitability and viability of the U.S. cattle industry.

I am also here representing the South Dakota Stockgrowers Association, for which I am a Regional Vice President. The South Dakota Stockgrowers has about 1500 cattle producer members.

Both organizations are made up of producers like me who make our living in the cattle business. Ranching is not a hobby or a tax write-off for me and my family, it is our livelihood.

**I. R-CALF USA's Objectives in Establishing a National Animal Identification Program**

I understand the Committee wants to know our organization's objectives in establishing a national animal identification program. Our objectives are straightforward:

1. To clarify the intended purpose and need of a national animal identification (ID) program and to implement effective measures to prevent the misuse and abuse of proprietary information.
2. To evaluate both the costs and the benefits of implementing a national animal ID plan, which can only be done following the completion of a comprehensive, science-based cost/benefit analysis.
3. To evaluate the effectiveness of current state and regional animal identification methods that may already meet the intended purpose of a national animal ID program, or that may be easily assimilated into a nationwide plan at little to no cost.

4. To ensure that if the overall cost of implementing a national animal ID plan is considerable, which according to the United States Animal Identification Plan (USAIP) plan is the case, then a means other than allocating those costs to the U.S. live cattle industry must be found.
5. To ensure that if a network infrastructure is needed to enable a national animal ID program, then that infrastructure is designed to accommodate many other needed services in Rural America, rather than simply maintaining information about livestock. Such a system may allow for the sharing of infrastructure-related costs among many industries and service providers, such as rural health care providers;
6. To ensure that the current rush to implement a national animal ID program does not distract the United States from its far more immediate and important responsibility, which is to protect the United States cattle herd from the introduction of Foreign Animal Diseases that may enter the U.S. through inadequate border controls.
7. To maintain, as this nation's highest priority, the highest standards of health and safety for our cattle industry and to not compromise our resolve to continue avoiding and preventing the introduction or spread of animal diseases by substituting our strategy of "disease prevention" with a new strategy of "disease management."
8. To ensure that the United States implements and enforces the measures already in place and readily available with which to meet the objective of preventing the introduction of Foreign Animal Diseases, differentiating cattle as to origin, and tracing beef and cattle as to their origins. It is disconcerting to the U.S. cattle industry that while mandatory country-of-origin labeling has been passed by Congress and is now available to both immediately determine the country-of-origin of cattle and to trace the origins of beef, at least with respect to foreign cattle and foreign meat, Congress itself has postponed its implementation. It is equally disconcerting that while our current regulations provide the U.S. cattle industry with the most complete protection against the introduction of Foreign Animal Diseases from countries where such diseases are known to exist, the USDA is working aggressively to relax and weaken these regulations.

Based on the national animal ID goal stated in the USAIP plan dated December 23, 2003, we presume the reason the Committee is holding this hearing is to evaluate issues related to this proposal. The stated goal of this proposal is "[to] achieve a traceback system that can identify all animals and premises potentially exposed to an animal with a Foreign Animal Disease (FAD) within 48 hours of discovery." While a system designed to achieve this goal will likely have capabilities far beyond the stated scope, for purposes of our comments we will presume the Committee is primarily interested in comments related to this specific objective. It must be noted that this means a national animal ID system is limited to identifying and tracing the movement of live animals. It does not provide the ability to trace a meat product downstream through the fabrication, manufacturing and slaughter of cattle, or to associate a specific meat product with a live animal. Thus the program, as envisioned within the USAIP plan begins at the point of birth of a calf and abruptly ends at the point of the animal's slaughter.

## **II. R-CALF USA's Opinion on How an Animal ID Program Would be Funded**

The Committee has also asked our opinion on how the program would be paid for. In general, there are three major components for which animal ID costs will be assigned. They include costs

associated with premise identification; costs associated with collecting, transferring, and accessing traceability information; and costs associated with building, connecting, and maintaining a ubiquitous network infrastructure system that allows all existing and new networks to communicate with each other from all regions of the U.S., however remote those regions may be.

In essence, the Committee is asking how much independent cattle producers are willing to pay to implement a program which is expressly designed to control and eradicate Foreign Animal Diseases like Foot and Mouth Disease (FMD) that has not been diagnosed in the U.S. for decades, or BSE that has never been diagnosed in the U.S. But, which diseases may be introduced into the U.S. because longstanding disease prevention policies, that is, our import and border control policies, are either scheduled to be relaxed or their current effectiveness is being questioned.

Independent cattle producers strongly support the current high standards of healthy production practices and disease prevention practices. However, we are confounded by the government's resistance to both implement and enforce our primary line of defense for both preventing the introduction of diseases into the United States and for quickly identifying foreign meat and foreign cattle that are, by definition, the primary means of transmitting Foreign Animal Diseases. R-CALF USA has called on Congress and the USDA to implement and enforce the following measures that provide our industry and our consumers with the first line of defense against both the introduction of foreign animal diseases and the potential spread of a Foreign Animal Disease:

1. Mark all imported cattle with a permanent mark of origin.
2. Identify all imported cattle already in the United States with a permanent mark of origin.
3. Implement country-of-origin labeling so that in the event of a disease outbreak in a foreign herd, all foreign cattle and foreign meat can be immediately identified and quarantined.
4. Maintain current regulations that prohibit the importation of cattle or beef from any country where BSE and FMD are known to exist.

R-CALF USA recently commissioned a scientific Value of Information (VOI) study that shows that the value to the U.S. cattle industry of tracking foreign cattle that enter the U.S. is, conservatively, \$80 million per year. And, the study shows that if a BSE case is detected in a foreign animal that has been tracked in the U.S., the value to our industry is over \$500 million.

If Congress and government agencies were to meaningfully implement and enforce these primary lines of defense against the introduction and spread of Foreign Animal Diseases, U.S. cattle producers would then be receptive to considering additional costs associated with the implementation of a secondary line of defense – a national animal ID program, which is designed to manage, control, and eradicate Foreign Animal Diseases should they penetrate our nation's first line of defense. It is both counterintuitive and irrational, from the perspective of U.S. independent cattle producers, for Congress to focus on the secondary line of defense before the first line is solidly in place.

## **A. Costs Associated with Premise Identification**

After the first and primary line of defense against Foreign Animal Diseases is permanently in place, it remains important to note that many cattle producers and many states already have the ability to identify cattle premises as well as to trace the origins of cattle. Through brand inspection, health certificates, sales receipts, and truckers' log books, the cattle industry can trace the movement of cattle very quickly. Our brand inspection system in South Dakota tracks cattle and horses every time they are sold or are transported out of the brand inspection area. In May of 2003, when Canada discovered a case of BSE in an indigenous cow, our brand office received a call from the Montana Department of Livestock asking for help in tracing several Canadian bulls that had traveled from Canada, through Montana, and into South Dakota, and were known to be siblings of the BSE-infected cow from Canada. Through the use of our brand inspection records, our chief brand inspector was able to trace and report the movement of those bulls within the state of South Dakota within three hours.

A hot brand is the only truly permanent mark of identification. A brand cannot be removed until an animal's hide is removed. Electronic tags and micro-chips can either be removed or they can shift under the skin until they are no longer readable by a scanner. While electronic tags may sound like a great use of new technology, they are actually very impractical in a ranching situation. Ranchers like me who operate on open range have found that ear tags are very difficult to keep in place. In addition, we do not have our cattle in a confined area where we they can be easily accessed for tagging or scanning.

R-CALF USA along with a number of other state cattle organizations and the Intertribal Agricultural Council jointly applied for a grant from USDA through the Chippewa Cree Tribe for the purpose of evaluating the use, integration, and compatibility of existing systems, such as our branding system, into a national animal ID system, including assessing the costs of such use and integration. However, USDA did not approve funding for our joint pilot program. Obviously, if such existing premise identifiers and cattle tracking methods could be integrated in a national animal ID system, the cost to producers would remain relatively low. It is our hope that one of the pilot programs USDA did fund will evaluate the feasibility associated with integrating these existing programs.

## **B. Costs Associated with Recording, Transferring, and Accessing Traceability Information**

As mentioned above, costs associated with recording, transferring and accessing traceability information could be very low if existing methods are integrated in an overall plan. On the other hand, these costs could be excessive depending on how the network is constructed and at what point the process is automated. R-CALF USA does not know these costs and cannot know these costs until a comprehensive cost/benefit analysis is completed.

What we do know regarding the ability of U.S. independent cattle producers to pay for such costs through a fee structure or other scheme is that the U.S. cattle industry has suffered staggering losses since the early 1990s measuring in the billions of dollars, with more than 100,000 cattle ranches and farms ceasing operation or ceasing the handling of cattle in that time. USDA data

shows that during the 1992-2001 decade, the average return to United States cow/calf producers was a *negative* \$30.40 per bred cow per year, losses aggregating to the billions of dollars.<sup>1</sup> Congress must seek a different means of funding a national animal ID program other than from the men and women who raise our nation's cattle.

**C. Costs Associated with Building, Connecting, and Maintaining a Ubiquitous Network Infrastructure System that Allows all Existing and New Networks to Communicate with Each Other from all Regions of the U.S., However Remote Those Regions May Be.**

This is perhaps the most expensive and most complicated component of a national animal ID program. While it may be true that the present communications infrastructure exists in populated areas that will reliably transfer electronic data, there are vast areas of the United States where such infrastructure is lacking, and much of this area is cattle country. We have heard very little about how the various animal identification projects already established or about to be tested throughout the U.S. can or will be interconnected so that they can effectively talk to one another. It is our understanding that the network system envisioned in the USAIP plan is 1960s technology and that new network technologies can and should be considered before a final decision is reached.

It appears that if a new network infrastructure must be overlaid with existing networks in order to reach the vast, remote areas where cattle are raised and marketed, then Congress should be looking at the additional needs of these areas where other critical services can be delivered through a shared network. Congress would be remiss to approve the development of a new network that is only designed for animal ID when it is obvious that many remote regions are needful of additional communications-related services.

**III. How the Data Collected Would be Kept Confidential**

Until very recently, concerns regarding how market participants could potentially misuse and abuse information that a national animal ID system would be capable of transmitting were largely speculative. However, Cargill's recent announcement in Canada that it would refuse to knowingly purchase cattle owned by a members of R-CALF USA has turned this speculation into a genuine threat with huge economic implications. Cargill has demonstrated that it is willing to use information related to cattle ownership for purposes of discrimination. Now, the possibility that Cargill and other packers may use information transmitted via a national animal ID to the detriment of producers is a stark reality. Congress must proceed cautiously and prudently to protect proprietary information.

Though R-CALF USA does not have the technical expertise to suggest a method of securing proprietary information that is transmitted via a data network system, we do know the

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<sup>1</sup> U.S. Cow-Calf Production Cash Costs and Returns, 1990-95; 1996-99; 2000-2001, Economic Research Service/USDA, available at <http://www.ers.usda.gov/data/farmincome/CAR/DATA/Appendix/Cowcalf/US9095.xls>; <http://www.ers.usda.gov/data/farmincome/CAR/DATA/History/CowCalf/US9699.xls>; and <http://www.ers.usda.gov/data/CostsAndReturns/data/current/C-Cowc.xls>, retrieved from the internet on October 18, 2002.

government has access to such expertise as it routinely transmits classified data within secure and vast network systems. Experts in codes and encryptions should be consulted before Congress gives its approval to open the floodgates of information that may be misused by dominant market participants to disadvantage individual producers or groups of producers. Using the Cargill example, it is not inconceivable that Cargill could manipulate the prices of all cattle by arbitrarily refusing to competitively bid for cattle owned, controlled, or managed by various groups or individuals.

While government agencies must have access to producer-related data regarding livestock, meatpackers and commodity groups need to be screened from access to proprietary information which could be used discriminatorily and would increase corporate control over producers.

#### **IV. What Role Would R-CALF USA Like the State and/or Federal Government to Play**

In general, the role of the state and/or federal government in developing and administering a national animal ID program will be dependent on the amount of funding these government entities are willing to provide. The development of any program must be accomplished through a cooperative effort between government and the U.S. live cattle industry, comprised of the grassroots, independent cattle producers who will be most affected by such a program. In addition to this needed level of cooperation, a national animal ID system must be carefully managed by federal agencies in full partnership with state animal health agencies and tribal governments, and should not be an opportunity for profiteering by special interests.

Congress should ensure that information collected under a national animal identification program should be available only to public health officials for the purposes of tracing an outbreak. Access to this data must be limited to those with a legitimate, food-safety use for the information; and the system must be designed to prevent potential abuse. Privacy firewalls are an essential animal identification program component and Congress must establish specific guidelines to effectively control access to information. A solution must be found to the perceived problems associated with protecting proprietary information that may be subject to disclosure through the Freedom of Information Act.

Further, Congress should ensure that cattle producers should not be held liable for claims other than those made by agencies authorized to access data in cases of animal health emergencies through an animal identification system.

#### **V. Conclusion**

In closing, for me and the thousands of independent cattle producers that I represent here today, ranching is a livelihood that is very important and valuable to everyone in America. In regards to the national animal I.D. plan it is our goal to work with Congress. However, we hope that Congress will not rush into an animal ID program that does not properly address the legitimate concerns raised by cattle producers. We have stated our objectives and welcome the opportunity to clarify any of the given points. Chairman Hayes, Ranking Minority Member Ross, and Members of the Committee, thank you for allowing me to present testimony on behalf of R-CALF USA.