Efforts to Prevent the Introduction and Spread of Prion Diseases in Livestock

Presentation to

The Tenth Annual CJD Foundation Family Conference

by Bill Bullard, CEO, R-CALF USA

July 15, 2012
Who/What Is R-CALF USA

• R-CALF USA is a national, non-profit trade association that exclusively represents the business interests of independent farmers and ranchers who breed, raise and sell live cattle.
• We have approximately 5,400 members in 45 states.
• Each of our 15-Member Board of Directors is a cattle farmer or rancher.
Who/What Is R-CALF USA

- R-CALF USA is the largest trade association that exclusively represents U.S. cattle producers.

- However, R-CALF USA is the 2nd largest cattle trade association when both the cattle industry (cattle producers) and the beef industry (beef packers and processors) are considered.

- The National Cattlemen’s Beef Association (NCBA) has meatpackers on its governing board and is the largest cattle and beef association in the United States.

- NCBA has tremendous influence in Washington, D.C., and promotes policies that facilitate the corporatization and industrialization of the U.S. cattle industry, which is an agenda vehemently opposed by R-CALF USA members.
South Dakota R-CALF USA Members Heading to Work on Preferred Mode of Transportation
Structure of the U.S. Cattle Industry

734,000 Beef Cattle Operations, Including Seed Stock Producers, Cow/Calf Producers, Backgrounders and Stockers

Only 70,000 U.S. Beef Cattle Operations have a Herd Size of Over 100 Head

Four Mega-Packers Slaughter Approx. 85% of All U.S. Fed Cattle

2,120 Large Feedlots Fed Approx. 88% of All Fed Cattle in 2011, up from 85% in 2008.

75,000 Farmer Feeders in 2011 (Reduced from 85,000 in 2007)
These Smaller Feeders Fed Approx. 12% of All Fed Cattle in 2011, down from 15% in 2008.

Since 1996, Approx. 166,680 Beef Cattle Operations have Exit the Industry at a Rate-of-Loss of 11,112 Operations Per Year.
The United States Cattle Industry Is:

• The single largest segment of American Agriculture.
• The reason the United States is the largest beef producer in the world.
• Unable to maintain a herd size sufficient to produce enough beef to meet domestic demand, and has not met domestic demand for over 40 years.
• Shrinking at an alarming rate due to ongoing efforts by dominant meatpackers to corporatize and industrialize beef production by capturing control over the live cattle supply chain (vertical integration).
• Operating in the largest beef consuming market in the world – the United States.
Impact of Corporatization/Industrialization of U.S Livestock Industries


- 42% Loss for Beef Cattle
- 91% Loss for Swine
- 82% Loss for Diary
- 33% Loss for Sheep

> 32,000 beef cattle operations exited since 2007, with 8,000 exiting last year alone

Source: USDA-NASS

<table>
<thead>
<tr>
<th>Type of Livestock Operations</th>
<th>1980</th>
<th>2011</th>
<th>&gt;100 Hd</th>
</tr>
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<tr>
<td>Beef Cattle</td>
<td>1,272,950</td>
<td>734,000</td>
<td>70,000</td>
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<tr>
<td>Swine</td>
<td>667,000</td>
<td>60,940</td>
<td>11,690</td>
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<tr>
<td>Dairy</td>
<td>335,270</td>
<td>60,000</td>
<td>15,700</td>
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<tr>
<td>Sheep</td>
<td>120,000</td>
<td>80,000</td>
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R-CALF USA
What R-CALF USA Members Understand:

• The United States Cattle Industry’s Reputation of Producing the Healthiest Cattle and the Safest, Most Wholesome Beef Is Contingent on Maintaining the Highest Possible Health and Safety Standards in the World; and,

• The Best Way to Protect Against BSE Is to Not Allow Its Introduction; and

• The Best Way to Protect Against vCJD Is to Not Allow BSE-Infected Animals into the Food System.
Maintaining a Healthy Herd Is Priority
One for Wyoming R-CALF USA Members
Same Is True for Our Missouri Members
But . . . USDA Is Continually Compromising U.S. BSE Safeguards to Promote Global Trade

• For example, on March 16, 2012, USDA proposed a rule to relax our BSE-related import restrictions for countries that have had thousands of cases of BSE and hundreds of cases of vCJD, and where both new cases of BSE and new cases of vCJD continue to be detected even though USDA claims that the mitigation measures implemented for more than 20 years make it virtually impossible for BSE to be spread to either cattle or humans.
Why Is USDA Taking this Risk?

• “The proposed rule has the potential to expand the U.S. export market, to the extent that it causes our trading partners to alter their trade policies.”

• “Imports of a commodity generally serve to increase net social welfare. To the extent that consumer choice is broadened and the increased supply of the imported commodity leads to a price decline, gains in consumer surplus will outweigh losses in domestic producer surplus.”
What USDA Should Be Doing

• Maintain Strict Import Prohibitions from Countries Where BSE Is Known to Exist.

• Assist BSE-Affected Countries to Eradicate BSE.
  – Encourage BSE-Affected Countries to Adopt Complete Feed Bans as Are Implemented in Japan and the EU.
  – Encourage BSE-Affected Countries to Test all Cattle 30 Months of Age or Older, in Conjunction with SRM Removal in Cattle > 12 Months of Age, Until Eradication of the Disease can be Statistically Validated, Which Essentially Is the Practice in Japan and the EU Practice that drastically reduced the BSE incidence.
  – When Eradication of BSE can be Scientifically Demonstrated, then Resume Trade.
A Radical Proposal?

USDA’s Current Policy on African Swine Fever (ASF), Which it Describes as “A Foreign Threat to U.S. Hogs” (and, Which Is Not Communicable to Humans)

“What Are the U.S. Prevention Measures?

“To prevent the introduction of ASF into the United States, the U.S. Department of Agriculture (USDA) prohibits the importation of live hogs and uncooked pork from any country where ASF exists. Pork products from those countries can enter the United States under two conditions: (1) the product must be commercially canned, hermetically sealed, and fully sterilized so it remains shelf stable without refrigeration; and (2) the processes used have been proven to inactivate the virus. Strict quarantine and inspection practices are required at U.S. ports-of-entry.

“Recognizing the threat that ASF constitutes for the United States and the rest of the Western Hemisphere, USDA’s Animal and Plant Health Inspection Service (APHIS) has worked with countries that have suffered outbreaks. When an ASF outbreak occurred in the Dominican Republic in 1978, APHIS supported the country’s eradication and repopulation program. By September 1980, all domestic pigs had been slaughtered. APHIS was also actively involved in the eradication and repopulation project in Haiti after the ASF outbreak there in 1979.”

Why Doesn’t Common Sense Prevail?

• USDA and the U.S. Department of Justice have teamed up to promote the corporatization and industrialization of the U.S. food supply.
  – Decades of refusal to enforce U.S. Antitrust laws.
  – Decades of refusal to even implement the 1921 Packers and Stockyards Act.
  – Meatpackers have had decades of free rein to capture control of the livestock supply chain away from independent producers.
  – Meatpackers have been calling the shots at USDA regarding policies impacting the livestock and meat industries.
Disconnect Between Retail Beef Prices and Live Cattle Prices

C. Robert Taylor, Auburn University
CONSUMERS' RETAIL BEEF PRICES COMPARED TO CATTLE PRICES
JAN. 1980 - APRIL 2012

In just the past 10 years - 2002 to 2012, spread has increased $2.46 per pound (from $1.85 to $2.48 Jan. to Jan.)

Source: USDA-ERS

Net Farm Value (Cattle Price)  Retail Beef Prices
R-CALF USA
Under the Corporatization/Industrialization Food Model, Health and Safety Standards Are Relaxed

• **1995:** Foreign meat inspection systems no longer are “at least equal” to the U.S. (*60 Fed. Reg., 38,688*)

• **1997:** “Regionalization” implemented to allow regions within a disease-affected country to continue exporting livestock and meat to the United States. (*62 Fed. Reg., 56,027*)

• **2000-2001:** Several close calls with FMD: South Africa, Argentina and Uruguay

• **2004:** USDA ceases requirement for monthly inspections at foreign meatpacking plants. (*69 Fed. Reg., 51,195*)

• **2005:** USDA lifts prohibition against imports from countries where bovine spongiform encephalopathy (BSE) is known to exist. (*70 Fed. Reg., 460-553*)

• **2006:** USDA declares a region in Namibia, Africa, to be free of FMD, thus paving the way for meat and livestock imports from FMD-affected Africa. (*71 Fed. Reg., 62198*)
Health and Safety Standards Are Relaxed, Con’t

- **2006**: The USDA Office of Inspector General discloses that 75 percent of all bovine tuberculosis (TB) cases detected in U.S. slaughtering plants originated in Mexico. But, USDA takes no action. (*OIG Report No. 50601-0009-Ch, September 2006*)

- **2007**: USDA proposes to carve out the South Patagonia region of Argentina as FMD free to pave way for beef and cattle imports from FMD-affected Argentina. The rulemaking is still pending. (*72 Fed. Reg., 475-480*)

- **2007**: USDA becomes one of the few countries in the world to allow the importation of cattle over 30 months of age from a BSE-affected country. (*72 Fed. Reg., 53314-379*)

- **2008**: At USDA’s request, Congress amended the law that prohibited the introduction of the live FMD virus on the U.S. mainland.

- **2009**: USDA published a report stating that each year the U.S. imports 1-2 TB infected animals per 100,000 animals imported from Mexico. Yet, USDA takes no action to curb the ongoing reintroduction of TB from Mexico. (*USDA’s March 2011 TB report*)
Health and Safety Standards Are Relaxed, Con’t

• **2010:** In less than a month after USDA issued a final rule that declared South Korea free of FMD and eligible to export FMD-susceptible meat to the United States, USDA was forced to postpone its final rule due to widespread FMD outbreaks in South Korea. *(75 Fed. Reg., 1697)*

• **2010:** USDA declares the Brazilian state, Santa Catarina, free of FMD and paves the way for exports of FMD-susceptible meat and livestock from FMD-affected Brazil. *(75 Fed. Reg., 69851-857)*

• **2011:** USDA publishes notice that it intends to declare Japan free of FMD despite Japan’s widespread FMD outbreak that devastated Japan’s cattle and hog industries in 2010. USDA’s proposal is still pending. *(76 Fed. Reg., 44503-504)*

• **2011:** USDA submits a proposed rule to the White House to declare 14 more Brazilian states free of FMD. However, an FMD outbreak occurred in Paraguay and a Brazilian newspaper reported that Paraguayan cattle were freely entering Brazil. USDA’s rulemaking is not yet published but is still pending.

• **2011:** Canada detects its 19th case of BSE, which was the 12th BSE case detected in an animal that meets the relaxed age requirements for export-eligibility to the United States.

• **2012:** USDA proposes rule to allow imports of beef and cattle from many areas of the world that have had major outbreaks of both BSE and vCJD and where cases of both diseases continue to be detected.
Lifespans of Canadian BSE Cases

Lifespans of Known BSE-Positive Canadian-Born BSE Cases
Prepared by R-CALF USA

Number of BSE Cases

Case # 7
Case # 12
Case # 3
Case # 9
Case # 1
Case # 2
Case # 4
Case # 5
Case # 6
Case # 10
Case # 13
Case # 16
Case # 11
Case # 15
Case # 8
Case # 17
Case # 14
Case # 18
Case # 19
BSE Timeline

- **1986**: BSE discovered in the UK
- **1988**: The UK implements first feed ban.
- **1993**: Canada imports BSE-infected cattle from the UK and renders them for cattle feed.
- **1996**: BSE linked to vCJD, Europe imposes ban on human consumption of meat from cattle more than 30 months of age.
- **1997**: U.S. and Canada implement “incomplete” feed bans.
- **2003**: Under a scant testing regime, Canada detects BSE. U.S. law prohibits imports from BSE-affected countries, thus the U.S. border is closed to Canadian beef. Subsequently, a Canadian-born cow with BSE is detected in Washington State.
- **2004**: R-CALF USA discovers that USDA granted permission to certain corporations to continue importing Canadian beef. R-CALF USA won a court-ordered injunction to stop USDA (Injunction No. 1). USDA does not contest the injunction.
- **2005**: USDA issues a rule to overturn U.S. law that prohibits imports from BSE-affected countries, which does not require Canada to upgrade its incomplete feed ban. R-CALF USA files a second lawsuit, and wins a second injunction by arguing USDA was wrong to expose the U.S. cattle herd and U.S. consumers to BSE (Injunction No. 2). Subsequently, R-CALF USA’s injunction is overturned by Ninth Circuit Court of Appeals based on the court’s finding that USDA was entitled to deference.
- **2005**: USDA issues rule to allow boneless beef from BSE-affected Japan. USDA did not require Japanese beef to be derived from cattle subject to a feed ban.
- **2007**: USDA issues a rule (OTM Rule) to allow the importation of older, higher risk cattle, and beef from cattle of any age, from Canada, provided the beef was derived from cattle subject to a feed ban.
- **2007**: R-CALF USA, The CJD Foundation, Consumers Federation of America, Center for Food Safety, Food & Water Watch, South Dakota Stockgrower’s Association, and four individual ranchers file a lawsuit against USDA’s OTM Rule and win a third injunction (Injunction No. 3).
- **2008**: OTM Rule is remanded back to USDA to reopen comment period and to change any provision of the OTM Rule it deems necessary after receipt of comments. USDA also ordered to file quarterly reports on its progress.
- **2012**: USDA issues new proposed rule to relax BSE restrictions for many BSE-affected countries.
Current Status of BSE Lawsuit

• USDA ordered to advise the Court by July 16 regarding:
  – when the 2012 Proposed Rule is expected to be final,
  – whether there is any objection to staying the case until that time, and the basis for any objection.
  – whether the 2012 Final Rule will supersede the OTM Rule or whether the OTM Rule will remain in effect.
  – how it has complied with the Court's Order to "revise any provisions of the OTM Rule it deems necessary" after the notice and comment.
USDA Answered Early

- Impossible to predict when the 2012 proposed rule would be finalized.
- Does not object to a stay in the case as it may be rendered moot but does not want to continue filing quarterly reports.
- The 2012 rule would supersede the OTM rule and is based on a different administrative record.
- Compliance with injunction is evidenced by USDA’s affirmation of the OTM rule.
The End